

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

COLE & ASHCROFT, LP DBA

§

SHUTTERS PLUS

§

Plaintiff,

§

v.

CIVIL ACTION NO. 4:20-cv-03507

STATE AUTOMOBILE MUTUAL

§

INSURANCE COMPANY

§

Defendant.

§

DECLARATION OF ASHLEY MANNING

1. My name is Ashley Manning. I am a Care Specialist for State Automobile Mutual Insurance Company (“State Auto”). I was the adjuster assigned to the claim at issue in this lawsuit. I am over eighteen years old and competent to make this declaration. I hold an active Texas property and casualty adjuster’s license.

2. The facts stated in this declaration are within my personal knowledge and are true and correct or are derived where indicated from the activity log and claim file materials maintained by State Auto for claim number PR-0000000-262374. The activity log and claim file materials were kept in the course of regularly conducted business activity of State Auto in investigating claims, are routinely made and kept in the course of that business, and it is State Auto’s usual practice to keep such records. The information recorded therein was recorded at or near the time of the event that it records, by a person with knowledge, or from information transmitted by a person with knowledge, of the events indicated, and by persons who report such knowledge in the regular course of business for State Auto. Attached to this declaration are true and correct copies of the following claim file materials but for page numbering added by State Auto’s attorneys:

- a. Exhibit B-1: August 2, 2019 Acknowledgement Letter from State Auto;
- b. Exhibit B-2: August 5, 2019 E-mail from Ray Demeritt with attached “Notice to Insurance Company”;
- c. Exhibit B-3: August 6, 2019 Letter from Ashley Manning;
- d. Exhibit B-4: September 5, 2019 Letter from Ashley Manning;
- e. Exhibit B-5: September 5, 2019 Nelson Forensics Report authored by Matthew Oestrike;
- f. Exhibit B-6: State Auto estimate finalized September 16, 2019;

**DEFENDANT’S
EXHIBIT B**

- g. Exhibit B-7: September 26, 2019 Letter from Ashley Manning (without attachments);
- h. Exhibit B-8: October 2, 2019 Letter of Representation from Derek Fadner;
- i. Exhibit B-9: October 2, 2019 Letter from Derek Fadner invoking appraisal;
- j. Exhibit B-10: October 21, 2019 Letter from Patrick Kemp;
- k. Exhibit B-11: August 7, 2020 Appraisal Award with incorporated Estimate;
- l. Exhibit B-12: August 13, 2020 Letter from Ashley Manning;

3. The claim was reported to State Auto through Cole & Ashcroft's insurance agent's office on August 1, 2019. The reported date of loss was May 9, 2019. I was assigned to the claim by State Auto. I sent a letter acknowledging receipt of the claim on August 2, 2019.¹ On August 5, 2019, Ray Demeritt of National Public Adjusting, e-mailed me and attached a "Notice to Insurance Company," advising of his representation of Cole & Ashcroft.² The following day, on August 6, 2019, I sent a letter to Mr. Demeritt acknowledging his representation and informing him that Gerald Ptacek had been assigned to conduct an inspection of the property.³ I also retained Nelson Forensics to conduct an engineering inspection and determine the scope of damage attributable to the May 9, 2019 hail event and whether any such hail damage on the roof was functional damage or cosmetic.

4. Matthew Oestrike with Nelson Forensics, Gerald Ptacek, and Ray Demeritt inspected Cole & Ashcroft's building on August 21, 2019. On September 5, 2019, I sent a letter notifying Cole & Ashcroft that the investigation was not yet complete and that State Auto was awaiting the report from the engineer with Nelson Forensics.⁴ The Nelson Forensics report was received later that day. The report authored by Matthew Oestrike with Nelson Forensics concluded as follows:

- The discrete circular indentations at the metal panel roofing, metal rake trim, metal cap flashing at the parapet walls, and metal casing at the ridge vents at the subject structure are consistent with hail impact during the reported date of loss. However, the indentations have not compromised the functionality, waterproofing capabilities, or life expectancy of the panels/components. Repairs to the roofing panels/components are not necessary nor does Nelson recommend any repairs at these items.

¹ Exhibit B-1, August 2, 2019 Acknowledgement Letter from State Auto.

² Exhibit B-2, August 5, 2019 E-mail from Ray Demeritt with attached "Notice to Insurance Company."

³ Exhibit B-3, August 6, 2019 Letter from Ashley Manning.

⁴ Exhibit B-4, September 5, 2019 Letter from Ashley Manning.

- A portion of the circular/radial tears at the older membrane tape flashing located at the base of the ridge vents at the upper roof are conservatively attributed to hail impact during the reported date of loss, and has compromised the waterproofing capability of this flashing. Nelson estimates that no more than 30 linear feet of this membrane tape flashing is affected by hail impact. The remainder of this membrane tape flashing requires repairs due to long-term deterioration and deferred maintenance, unrelated to hail.
- Hail impact has not damaged the exterior of the subject structure.⁵

5. The report from Oestrike also noted localized kinks in the panel ribs at the R-panel roofing at the approximate mid-span between support locations due to improper foot traffic, unrelated to hail.⁶ The report from Oestrike also noted irregular-shaped deformations and larger deformations at the ridge vents that were consistent with mechanical impact, also unrelated to hail.⁷

6. Gerald Ptacek finalized an estimate for replacement of 30 linear feet of tape flashing that totaled \$633.17 on September 16, 2019.⁸ I sent a letter to Cole & Ashcroft on September 26, 2019, attaching State Auto's estimate and the Nelson Forensics engineering report.⁹ In that September 26, 2019 letter, I recited the relevant provisions in the State Auto policy and explained there is no coverage for the cosmetic hail damage, wear, tear, deterioration, or lack of proper maintenance. I also advised that the functional damage totaling \$633.17 did not exceed the applicable \$87,500 deductible.

7. After I sent the September 26, 2019 letter, State Auto received a letter of representation from Derek Fadner dated October 2, 2019.¹⁰ In a separate letter dated October 2, 2019, Mr. Fadner invoked appraisal under the State Auto policy, designating Fred Lupfer as Cole & Ashcroft's appraiser.¹¹ In response, State Auto complied with Cole & Ashcroft's demand for appraisal in accordance with the terms of the Policy and designated appraiser Brett Lochridge.¹² State Auto, through counsel, made clear its position that the disagreement between Plaintiff and

⁵ Exhibit B-5, September 5, 2019 Nelson Forensics Report authored by Matthew Oestrike, at page 21.

⁶ Exhibit B-5, September 5, 2019 Nelson Forensics Report authored by Matthew Oestrike, at page 19.

⁷ *Id.*

⁸ Exhibit B-6, State Auto estimate finalized September 16, 2019.

⁹ Exhibit B-7, September 26, 2019 Letter from Ashley Manning (without attachments).

¹⁰ Exhibit B-8, October 2, 2019 Letter of Representation from Derek Fadner.

¹¹ Exhibit B-9, October 2, 2019 Letter from Derek Fadner invoking appraisal.

¹² Exhibit B-10, October 21, 2019 Letter from Patrick Kemp.

State Auto was one of coverage that would not be resolved by an appraisal and State Auto reserved its right to deny the claim.¹³

8. The appraisers, Brett Lochridge and Fred Lupfer, and umpire Randy LeBlanc, signed an appraisal on August 7, 2020, that stated the actual cash value of roof replacement, including costs for moving a printing press and other contents, was \$359,984.62.¹⁴ The signed appraisal stated the amount was “[p]er the attached Estimate which is an integral part of the award.”¹⁵ The estimate includes allowances for, among other things, removal and replacement of the entire roof totaling over 33,691 square feet, removal and replacement of guttering, and moving a printing press and other contents for removal and replacement of the roof and insulation.¹⁶

9. The signed appraisal also stated that any prior payments and deductible had not been applied and would need to be subtracted, and that coverage under the insurance policy would be addressed by others.

10. Following receipt of the signed appraisal award, on August 13, 2020, I sent a letter to Cole & Ashcroft again denying the claim for cosmetic hail damage and concluding that, even with the guttering that was allowed by the appraisal panel, the covered portion of the loss remained below the \$87,500 deductible.¹⁷

11. State Auto was not provided any letter by Cole & Ashcroft or its attorneys giving statutory pre-suit notice as required by Tex. Ins. Code § 542A.003.

12. Until discovery was conducted in this lawsuit, State Auto was unaware that Cole & Ashcroft had also retained National Public Adjusting to pursue a separate roof replacement claim against another insurer arising from wind damage from Hurricane Harvey with a reported date of loss of August 28, 2017.

¹³ See *id.*

¹⁴ Exhibit B-11, August 7, 2020 Appraisal Award with incorporated Estimate, at Bates stamped page 01722.

¹⁵ See *id.*

¹⁶ See *id.*, at Bates stamped page 01724-01726.

¹⁷ Exhibit B-12, August 13, 2020 Letter from Ashley Manning.

13. Until discovery was conducted in this lawsuit, State Auto was also unaware that Cole & Ashcroft filed a lawsuit against Certain Underwriters at Lloyds, London and that Plaintiff settled that claim on February 24, 2020 in exchange for a payment in the amount of \$381,887.50.

14. I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 4th day of June, 2021.

Ashley Manning
Ashley Manning

Agency Partner: Marsh & McLennan Agency, LLC 301 Commerce St Ste 2201 Fort Worth, TX 76102-4151 817-877-3660

August 02, 2019

COLE & ASHCROFT, LP
5631 BRYSTONE DR
HOUSTON, TX 77041

Policy Number: PBP2832159
Date of Loss: 05/09/2019
Date Claim Received: 08/01/2019
Claim Representative: ASHLEY MANNING
Our Policyholder: COLE & ASHCROFT, LP

Dear COLE & ASHCROFT, LP :

This is to formally acknowledge receipt of your claim by State Auto Insurance. I am the claim representative assigned to this matter and will give it my prompt attention. We have most likely spoken by phone, but if I have not been able to reach you, please give me a call at the number below so that I may fully explain the process of handling your claim, including what you may expect from us and what we will need from you. I will be happy to answer any questions you may have concerning your claim if I have not already done so.

I look forward to working with you to get this matter concluded.

Sincerely,

ASHLEY MANNING
Claim Adjuster
P.O. Box 182822
Columbus, OH 43218-2822
Phone: 317-931-7133
Fax: (317) 931-6276
Email: Ashley.Manning@StateAuto.com

EXHIBIT B-1

From: Public Adjusting (ray.estimate1@gmail.com) **Case 4:20-cv-03507 Document 16-2 Filed on 06/04/21 in TXSD Page 7 of 93**
Sent: Monday, August 5, 2019 8:59 PM
To: ashley.manning@stateauto.com
Subject: Claim # PR-262374
Attachments: Cole & Ashcroft, L.P. LOR.pdf

Hi Ashley,

Our firm has been retained by the insured Cole & Ashcroft at loss location 5631 Brystone Drive, Houston, TX 77041. Attached is a letter of representation, you will receive our estimate shortly. If you have any questions, feel free to contact me. Thank you.

Sincerely, Ray Demeritt

Public Adjuster
CO Lic. # 579873
MD Lic. # 3000507376
NC Lic. # 18801802
PA Lic. # 891269
SC Lic. # 933022
TX Lic. # 2302285
C: 713.714.2489



This E-Mail may contain proprietary, confidential or privileged information intended solely for the addressee. If you are not the intended recipient, any use, copying disclosure, dissemination or distribution is strictly prohibited. If you received this message in error, please delete this communication and destroy all copies.

EXHIBIT B-2

Cole & Ashcroft 00389



Notice To Insurance Company

Ray Demeritt/National Public Adjusting LLC - Texas License Number: 2302285
1305 W. 11th Street #4009 Houston, TX 77008 Office: 713-714-2489

National Public Adjusting LLC and its representatives are hereby retained to advise and assist in the adjustment of the insurance claim.

Loss Type Hail Insurance Carrier State Auto Insurance Companies
Policy Number PBP 2832159 00 Claim Number PR 262374
Insured Cole & Ashcroft, LP DBA Shutters Plus Date of Loss 5/4/19
Loss Location 5631 Brystone Drive, Houston, TX 77041

- Please send notice of acknowledgement of representation notice via email to Ray.Estimate1@gmail.com
- Please direct all communications for this claim noted above through Ray Demeritt/National Public Adjusting LLC to the contact information provided in this document.
- You, the insurer, are hereby requested to provide Ray Demeritt/National Public Adjusting LLC with a copy of all pertinent information on this claim; current claim estimate, complete and certified copy of the policy with all endorsements and any prior claims that may affect this loss.
- Insured agrees to pay for service upon payment of the claim by the insurance company in settlement of this loss and necessary expenses. The insured will provide Ray Demeritt/National Public Adjusting LLC with all information pertaining to this claim that they currently possess.
- The insured authorizes and directs the insurer to include Ray Demeritt/National Public Adjusting LLC, in addition to the insured's name on all drafts or checks regarding this loss. All documents or copies of any information regarding this claim must be emailed or mailed to National Public Adjusting LLC at the address listed above.

Insured Signature: Date: 8.1.2019

Insured Name Printed: Cole & Ashcroft, LP DBA Shutters Plus Contact Number: 713.937.8657

Public Adjuster Signature: Date: 8.1.2019

Public Adjuster Printed Name: Ray Demeritt/National Public Adjusting LLC Contact Number: 713-714-2489



August 6, 2019

National Public Adjusting LLC
 C/o Ray Demeritt
 1305 West 11th Street, #4009
 Houston, TX 77008

SENT ELECTRONICALLY AND CERTIFIED MAIL

Re:	Insured:	Cole & Ashcroft, LP
	Company:	State Automobile Mutual
		Insurance Company
	NAIC No.:	25135
	Policy No.:	PBP2832159
	Claim No.:	PR-0000000-262374
	Date of Loss:	5/9/2019

Dear Mr. Demeritt:

Thank you for your letter of representation. Geralk Ptacek has been assigned to conduct the joint inspection at 5631 Brystone Drive, Houston, Texas 77041. Please contact Gerald to schedule a mutually agreeable date and time for said inspection. His contact information is as follows:

Phone Number: 512-621-6983
 Email Address: Gerald.Ptacek@StateAuto.com

In addition to your request for a joint inspection, we received a request for the following documentation:

- Certified Policy Declaration Page and Policy packet.
- A Copy of All Pertinent Information on this Claim
- Current Estimate
- Any Prior Claims that Affect this Loss

As we received this claim on August 1, 2019, we are just beginning our investigation and do not have a current estimate, other pertinent documentation or prior State Auto loss history information. That being said, a certified copy of the policy will be sent to you under separate cover.

State Automobile Mutual Insurance Company is continuing with the investigation of your claim; however, please be advised that State Automobile Mutual Insurance Company explicitly reserves any and all rights and defenses conferred upon it under the Policy and the law.

Neither this letter nor any past, present or future actions taken by State Automobile Mutual Insurance Company, its employees, agents, and/or attorneys during the investigation of this claim should be considered to be a waiver of any of the terms, conditions, or requirements of the Policy, or any of State Automobile Mutual Insurance Company's rights and defenses under the Policy and applicable law.

We look forward to your cooperation and if you should have any further questions, please do not hesitate to contact me.

Sincerely,

EXHIBIT B-3



State Automobile Mutual Insurance Company

Ashley Manning, AIC
Commercial Claim Adjuster Senior
LOCAL TELEPHONE NUMBER: 317-931-7133
LONG DISTANCE: 800-777-7324 x 7133
E-MAIL: ashley.manning@stateauto.com

Cc: Marsh & McLennan Agency LLC
301 Commerce Street, Suite 2201
Fort Worth, TX 76102

Agency Partner: Marsh & McLennan Agency, LLC 301 Commerce St Ste 2201 Fort Worth, TX 76102-4151 817-877-3660

September 05, 2019

COLE & ASHCROFT, LP
5631 BRYSTONE DR
HOUSTON, TX 77041

Claim Number: PR-0000000-262374
Policy Number: PBP2832159
Loss Date: 05/09/2019
Loss Location: Houston, TX 77041
Insured: COLE & ASHCROFT, LP
Attention:

Dear Mr. Lines:

Pursuant to Texas law, because we have not yet resolved your claim, we are required to notify you of the reason(s) for the delay in doing so. The claim remains open because:

- Our investigation is not yet complete because: we are awaiting the engineer's report from Nelson Forensics.

This is a rather brief explanation of the reason(s) for delay. If you have any questions about the status of your claim, please give me a call. I will be happy to discuss the case with you.

Sincerely,

ASHLEY MANNING
Claim Adjuster
P.O. Box 182822
Columbus, OH 43218-2822
Phone: 3179317133
Fax: 3179316276
Email: Ashley.Manning@StateAuto.com

EXHIBIT B-4

CONSULTING
+
FORENSICS

NELSON

**Commercial Building
Hail Distress Evaluation**

PROJECT FILE NO.
26357

CLAIM NO.
PR-0000000-262374

STRUCTURE IDENTIFICATION
Cole & Ashcroft, LP
5631 Brystone Drive, Suite 200
Houston, Texas 77041

PREPARED FOR
Ashley Manning
State Auto Insurance Companies
12900 North Meridian Street
Carmel, Indiana 46032

EXHIBIT B-5

1-877-850-8765
www.nelsonforensics.com
Cole & Ashcroft 01562

NELSON
F O R E N S I C S

September 4, 2019

Ashley Manning
State Auto Insurance Companies
12900 North Meridian Street
Carmel, Indiana 46032

File: Cole & Ashcroft, LP
5631 Brystone Drive, Suite 200
Houston, Texas 77041

Nelson File No.:	26357
Claim No.:	PR-0000000-262374
Date of Loss:	5/9/2019

Dear Ms. Manning:

Nelson Forensics, LLC is pleased to submit this report for the above-referenced file. By signature below, this report was authored by and prepared under the direct supervision of the undersigned professional.

Please contact us if you have any questions regarding this report.

With kindest regards,

NELSON FORENSICS, LLC
Texas Certificate of Registration F-17167

Matthew D. Oestrike

Matthew D. Oestrike, M.S., P.E.
Principal



Nelson: Report1-26357.doc.

Your Questions. Our People. Expert Solutions.

REPORT

REPORT

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 1

Project Name: Cole & Ashcroft, LP
Nelson File No.: 26357

INTRODUCTION

GENERAL INFORMATION

Date of Nelson Investigation: August 21, 2019

Present at Investigation: Matthew Oestrike, P.E. (Nelson)
Vu Lam (Nelson)
Jerry Ptacek (State Auto Insurance Companies)
Ray Demeritt (National Public Adjusting)

Testing Performed: Roof Impact Evidence Survey

AUTHORIZATION AND PURPOSE

Nelson Forensics, LLC (Nelson) was authorized by Ms. Ashley Manning with State Auto Insurance Companies (client) to evaluate the roof and exterior of the commercial building located at 5631 Brystone Drive in Houston, Texas (subject structure) to determine the extent of any hail impact distress at the subject structure. Nelson was also asked to determine if any hail impact distress was a result of a reported storm event that occurred on May 9, 2019 (reported date of loss), and if there is any functional distress or diminished future performance at distressed areas at the subject structure related to the hail impact from the reported storm event.

SCOPE OF INVESTIGATION

Nelson obtained background information and conducted a visual evaluation of the subject structure's roof and exterior. Nelson performed a Roof Impact Evidence Survey at the lower and upper roof sections of the subject structure. Nelson graphically and photographically documented general site conditions and observed distress. Destructive testing was outside the scope of this investigation and was not performed by Nelson.

This report was not prepared for use in a real estate transaction. It was prepared for the purpose and for the client as indicated above. Any and all usage or reliance upon this report by parties other than the client is expressly prohibited.

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 2

Project Name: Cole & Ashcroft, LP
Nelson File No.: 26357

DESCRIPTION OF STRUCTURE

The subject structure was a commercial warehouse and office building with the original construction of the warehouse completed in 1997, an addition to the warehouse completed in 1999, and the office addition constructed in 2007 (HCAD 2019). The roofing and exterior at the warehouse portion of the subject structure consisted of metal R-panels whereas the roofing at the office consisted of metal R-panels and standing seam metal panels. The exterior of the office consisted of brick masonry veneer. Neither design nor construction documentation was available for review at the time of this writing. Refer to **Figures 1** and **2** for aerial views of the subject structure.

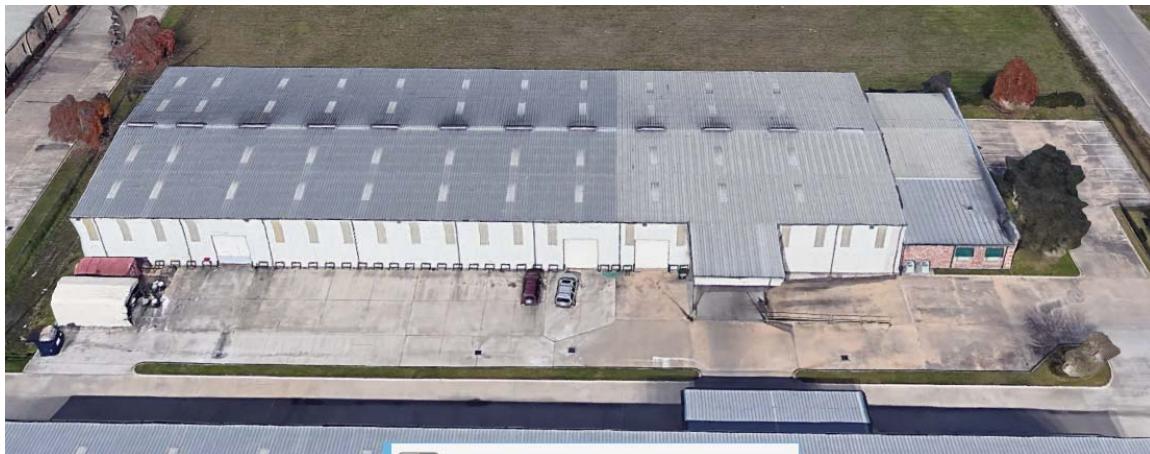


Figure 1: Aerial view looking north at subject structure (Google, Inc. 2019)



Figure 2: Aerial view looking south at subject structure (Google, Inc. 2019)

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 3

Project Name: Cole & Ashcroft, LP
Nelson File No.: 26357

REPORTED INFORMATION

A Nelson representative obtained background pertaining to the subject structure and the reported distress from Mr. Demeritt, with National Public Adjusting. Mr. Demeritt reported the following:

- The hail storm that affected the roof of the subject structure occurred on May 9, 2019.
- Hail impact caused damage to both the upper and lower roofs. They found approximately 143 indentations at the north roof plane and 139 indentations at the south roof plane of the upper roof.
- Mr. Demeritt is not aware of any hail impact damage at the exterior walls of the subject structure.
- There have been a couple of additions to the subject structure since the original construction.

O B S E R V A T I O N S

Photographic documentation and other field-obtained data related to the structure are being maintained in Nelson's project file. Select photographs (Figures) are included within the body of this report and may be presented for information only or for a general representation of the condition of the structure. Nelson's observations relevant to the assignment described in the **Authorization and Purpose** section of this report are as follows:

LOWER ROOF

- Remedial sealant applied to the majority of exposed fasteners at the R-panel roof sections (**Figure 3**);
- A distribution of circular indentations measuring approximately 3/8" to 5/8" in diameter at both south-facing planes and the north-facing roof plane at the lower roof (**Figures 4-6**). Majority of observed circular indentations were only identifiable with chalk (marked by others prior to Nelson's site visit) or by touch. Refer to the **Testing Performed** section of the report for additional discussion related to the hail impact distress to the roof;
- All of the indentations appeared to be relatively shallow, with depth of indentation less than approximately 3/32";
- None of the indentations were located at side lap or end seams of the R-panels nor at the standing seams (**Figures 4-6**);
- Galvanized coating intact at indentations and no discernable abrasion distress;
- Coincident burnish marks at some of these indentations where the roof panel surface at the indentation was exposed and not covered with chalk (**Figure 5**);
- Smaller burnish marks at the metal roof panels, that measured approximately 1/4" to 3/8" in diameter, lacked coincident indentations;
- No displaced or loose metal roof panels;
- 26-gauge thickness at metal R-panel roofing and 24-gauge thickness at standing seam panel roofing (**Figure 7**);
- Isolated circular indentations at the top of the front (east) side parapet wall cap flashing, with indentations measuring approximately 1/2" to 5/8" in diameter (**Figures 8-9**).

UPPER ROOF

- ❑ Remedial sealant applied to the majority of exposed fasteners at the R-panel roof sections (**Figure 10**);
- ❑ A distribution of circular indentations measuring approximately 3/8" to 3/4" in diameter at both the north and south roof planes, including at each of the different-colored panels denoting where additions were constructed at the subject structure (**Figure 11**). Majority of observed circular indentations were only identifiable with chalk (marked by others prior to Nelson's site visit) or by touch. Refer to the **Testing Performed** section of the report for additional discussion related to the extent of hail impact distress to the roof;
- ❑ All of the indentations appeared to be relatively shallow, with depth of indentation less than approximately 3/32";
- ❑ Galvanized coating intact and no discernable abrasion distress at indentations;
- ❑ Coincident burnish marks at some of these indentations where the roof panel surface at the indentation was exposed;
- ❑ Smaller burnish marks at metal roof panels lacked indentations (**Figure 12**);
- ❑ Isolated kinks (i.e. localized buckling at the panel rib) at the approximate mid-span between panel support locations (**Figure 13**);
- ❑ Isolated circular indentations approximately 1/2" to 3/4" in diameter at the metal ridge vents (**Figure 14**). Some of the deformations/indentations at the ridge vents were larger (greater than 1 1/2" in width), relative to the indentations observed at the metal roof panels (**Figure 15**);
- ❑ Burnish marks approximately 1/8" to 3/8" in width at the metal ridge vents with no coincident indentations (**Figure 16**);
- ❑ Membrane tape flashing applied over metal flashing and foam closures at the ridge vent locations. At areas of aluminum-faced membrane tape flashing, this flashing appeared newer and intact with no holes or tears (**Figures 17**). At areas of black-colored membrane tape flashing, the flashing appeared older with holes and tears throughout (**Figure 18**). At several of the older-looking membrane tape flashing locations, holes/openings measured approximately 1/2" to 1" in diameter (**Figure 19**);
- ❑ No indentations or fractures at any of the fiberglass roof lites (**Figure 20**);
- ❑ Isolated circular indentations at the rake trim, with indentations measuring approximately 3/8" to 5/8" in diameter (**Figure 21**);
- ❑ Burnish marks at the top of the gutters ranged between 1/4" and 1/2" in width (**Figure 22**).

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 6

Project Name: Cole & Ashcroft, LP
Nelson File No.: 26357

- No displaced or loose metal roof panels;
- 26-gauge metal R-panels at upper roof.



Figure 3: General view of lower roof. Remedial sealant applied at exposed fasteners at R-panels.



Figure 4: General area of roof above moisture distress/deterioration at roof decking and South Storage Room.



Figure 5: Burnish mark at circular indentation that measured approximately 1/2" in diameter.



Figure 6: Circular indentations at pans at standing seam metal roof panels.

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 7



Figure 7: Metal R-panel thickness measured 26-gauge.



Figure 9: Close-up of indentations shown in previous figure.



Figure 11: Circular indentation that measured approximately 1/2" in diameter at upper roof.

Project Name: Cole & Ashcroft, LP
Nelson File No.: 26357



Figure 8: Chalk applied to metal cap flashing showing circular indentations at the front parapet wall.



Figure 10: Remedial sealant applied at exposed fasteners at R-panel roofing at upper roof.



Figure 12: Approximately 3/8" burnish mark with no indentation.

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 8



Figure 13: Isolated kink at metal roof panel rib.

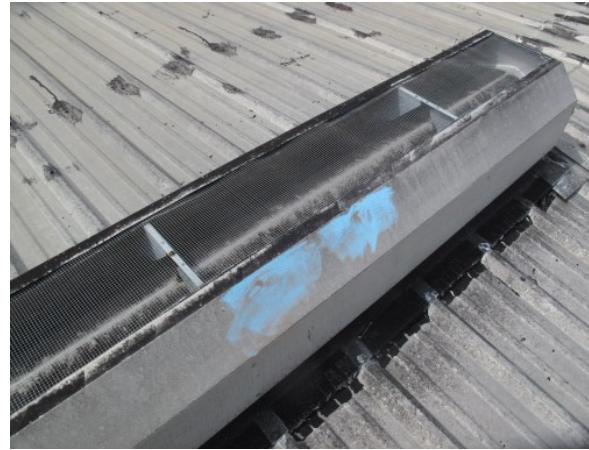


Figure 14: Circular indentations at a ridge vent.



Figure 15: Deformations in metal casing at ridge vent measured over 2 inches wide.



Figure 16: Burnish marks at metal ridge vent, with no coincident indentation.



Figure 17: Newer-looking membrane tape flashing over closures at flashing.



Figure 18: Older-looking membrane tape flashing over closures at flashing on north side of same ridge vent.

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 9

Project Name: Cole & Ashcroft, LP
Nelson File No.: 26357



Figure 19: Close-up of previous. Note: holes and tears in the membrane tape flashing.



Figure 20: No indentations or fractures at the roof lites.



Figure 21: Circular indentations at the rake trim at upper roof.

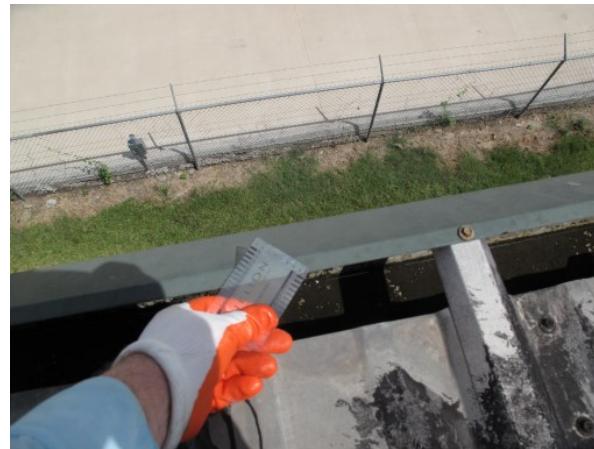


Figure 22: Burnish marks at metal gutter. No indentations at gutter.

SITE AND EXTERIOR

- Burnish marks at the metal awnings at the east and north elevations of the one-story portion of the subject structure lacked circular indentations (**Figures 23-24**). Burnish marks measured approximately 3/32" to 1/2" wide;
- Majority of metal R-panels at the exterior walls lacked distress (**Figures 25 and 34-35**);
- Approximately 1 1/2" wide deformation at the top of one of the AC condensing units along the north side of subject structure (**Figure 26**);

- Isolated deformations or abrasion distress at the metal wall panels at the lower four feet of the north elevation (**Figures 27-29**). One of the deformations measured approximately 1 1/4" in diameter and the deformation was perpendicular to the panel (**Figure 28**) and another deformation was approximately 1 1/8" in diameter with a linear scrape in the deformation (**Figure 29**);
- Isolated kinks at metal wall panel ribs at the lower portion of the north and south elevations (**Figure 30**);
- Burnish marks measuring up to 1/2" wide at the metal wall panels with no coincident indentations (**Figure 31**);
- Isolated areas of significant corrosion with material loss at fasteners located at the base of the wall panels (**Figure 32**);
- No indentations or fractures at any of the fiberglass wall lites (**Figure 33**);
- Lack of circular indentations in the metal downspouts located at the north and south elevations (no downspouts existed at the east and west elevations) (**Figure 36**).



Figure 23: Burnish marks at metal awnings at the east and north elevations. No indentations.



Figure 24: Close-up of burnish mark that measured approximately 3/8" wide.

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 11



Figure 25: North elevation.



Figure 27: Isolated deformation at the lower portion of the wall panel.

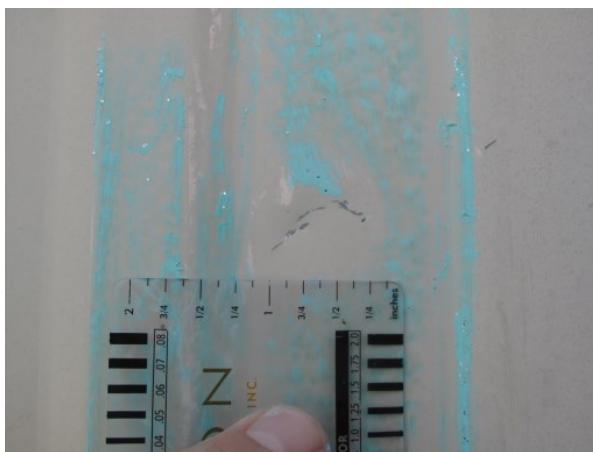


Figure 29: Isolated deformation approximately 1 1/8" wide with linear scrapes at deformation.

Project Name: Cole & Ashcroft, LP
Nelson File No.: 26357



Figure 26: Approximately 1 1/2" indentation at metal casing of AC condenser unit.



Figure 28: Deformation/indentation measured approximately 1 1/4" wide and was perpendicular to the vertical wall panel.



Figure 30: Isolated kink at metal wall panel rib at base of wall.

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 12

Project Name: Cole & Ashcroft, LP
Nelson File No.: 26357



Figure 31: Burnish mark measured approximately 3/8" wide.



Figure 32: Corrosion and missing material at fasteners at the base of the walls.



Figure 33: No fractures at fiberglass wall lites.



Figure 34: West elevation.



Figure 35: South elevation.



Figure 36: No indentations at the metal downspouts.

TESTING PERFORMED

ROOF IMPACT EVIDENCE SURVEY

Nelson performed a roof impact evidence survey by selecting and evaluating six (6) representative 10'x10' sample areas at the roof of the subject structure. The approximate locations of the sample areas are indicated in **Figure 37**. The sample areas were chosen to represent the general condition of the roofing. Representative conditions within some of the sample areas are shown in **Figures 38-45** on the following pages.

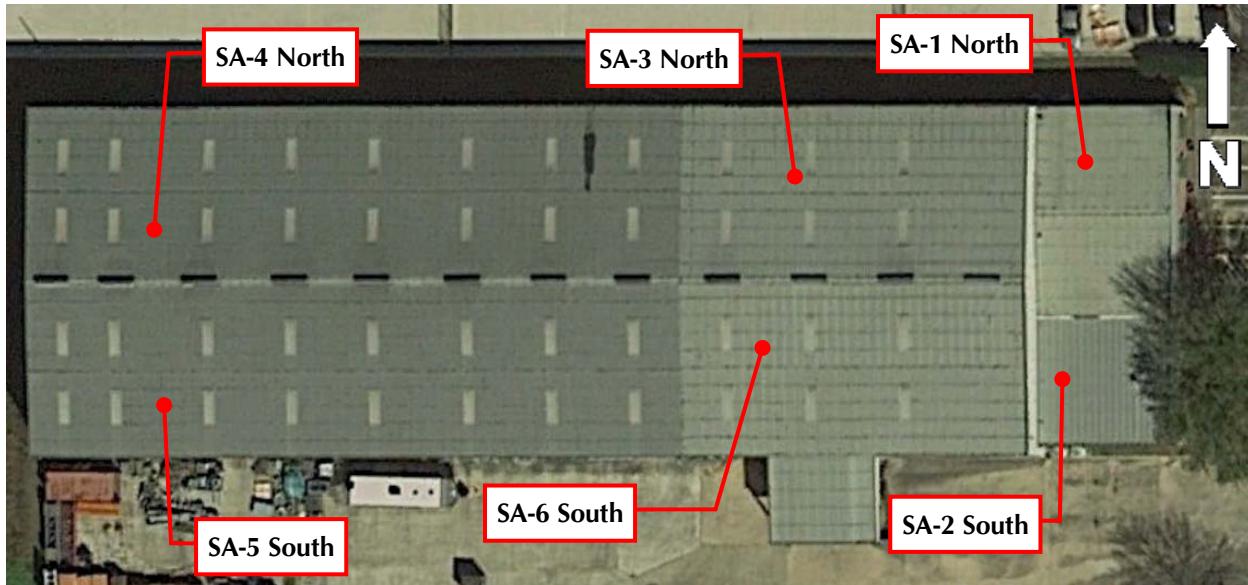


Figure 37: Aerial view of subject roof with sample area locations and true north, annotated by Nelson (Google, Inc. 2019)

Within the sample areas, the metal panel roofing was evaluated for evidence potentially consistent with hailstone impact. Such evidence may include circular indentations within the panels or at seams. **Table 1**, on the following page, lists the representative sample areas and summarizes the results of the survey. Sample Area 2 was located within a standing seam metal roof section whereas all of the other sample areas were at R-panel roofing.

Commercial Building | Hail Distress Evaluation
 September 4, 2019
 Page 14

Project Name: Cole & Ashcroft, LP
 Nelson File No.: 26357

Table 1: Summary of Roof Impact Evidence Survey

Sample Area	Plane	Area Surveyed	Number of Circular Indentations	Number of Circular Indentations at Lap Seams/Standing Seams
SA-1	North	100 ft. ²	8	0
SA-2	South	100 ft. ²	3	0
SA-3	North	100 ft. ²	4	0
SA-4	North	100 ft. ²	2	0
SA-5	South	100 ft. ²	2	0
SA-6	South	100 ft. ²	3	0
Average			3.7	0

On average, approximately 3.7 circular indentations were observed within the same areas. There were no discrete indentations, with accompanying deformations/separations at the roof panel seams, observed at any of the sample areas. Indentations were present within the pans of the roof panels as described in the **Observations** section.

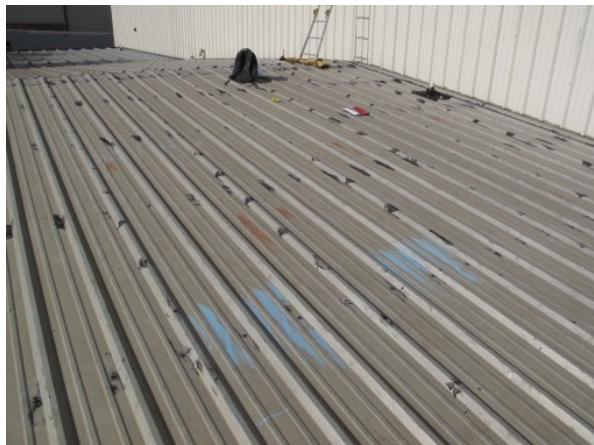


Figure 38: Sample Area 1.



Figure 39: Circular indentation that measured approximately 5/8" in diameter.

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 15

Project Name: Cole & Ashcroft, LP
Nelson File No.: 26357

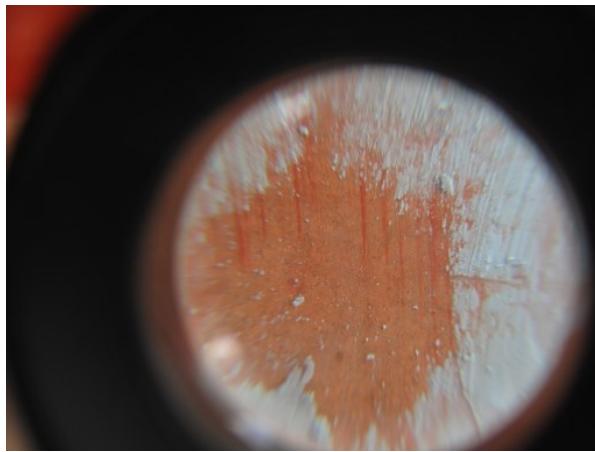


Figure 40: No abrasion distress at area of indentation shown in previous figure.



Figure 41: Sample Area 2 at the standing seam roof section at the lower roof.



Figure 42: Approximately 3/4" indentation at the side of a panel rib in Sample Area 4.

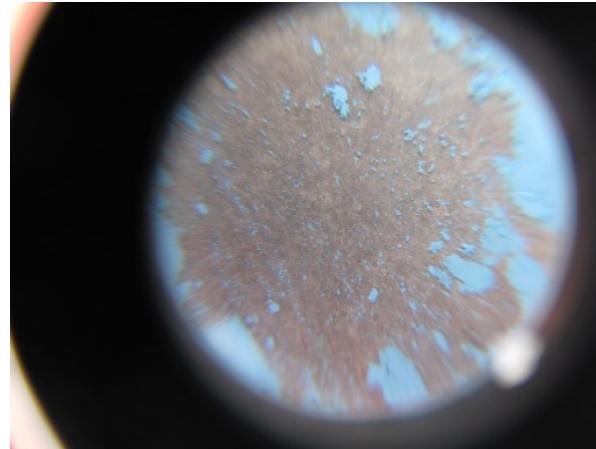


Figure 43: Indentation shown in previous figure under 10X magnification.



Figure 44: Chalk identified circular indentation that measured approximately 5/8" in diameter.



Figure 45: Circular indentation shown in previous figure was shallow.

TECHNICAL BACKGROUND

TYPICAL HAIL DAMAGE TO ROOFING SYSTEMS

The impact energy from a hailstone is a function of multiple variables, including hail size and density, the velocity at the time of impact, and the angle of impact. The larger the hailstone and the faster it is moving at impact, the greater momentum and kinetic energy it has, increasing the probability that it will cause damage to an impacted object. The angle at which the hailstone impacts a surface affects the magnitude of the impact force. Hail that impacts perpendicular to a roof surface is generally more damaging than hail that impacts at an angle because angled impacts deliver more of a glancing blow. Because the terminal velocity of hailstones is higher for larger hailstone sizes, the impact energy increases significantly with increases in hailstone size.

The vast majority of hailstorms contain hailstones that are relatively small (less than 1" diameter). These small hailstones can cause damage to crops and property, but would not be expected to cause damage to the majority of roof systems. Hail impact typically manifests as a concave indentation or burnish mark at the surface of the impacted material.

A burnish mark (commonly referred to as a "splash" or "spatter" mark) results when an object, such as a hailstone, removes the exterior layer, algae, dirt, oxidation, or film on the surface of a material. This leaves a localized clean area amongst the weathered or dirty surface. Such burnish marks associated with hail events commonly result in a freckled or mottled appearance on the impacted surface. Additionally, the shape of the burnish marks can indicate the directionality of hailstone impacts on a surface. With the passage of time, burnish marks become less distinct as the surface of the material naturally weathers.

In addition to appearing on roofing materials themselves, burnish marks are frequently seen on exposed metal surfaces, such as flashing, vent hoods, and equipment cabinets. Painted surfaces and siding can show burnish marks as well, depending on the characteristics of the surface.

Hail Sizing

Evaluation of indentations, burnish marks, and the nature of impact-related distress (or the lack thereof) throughout a given site provides useful information that can be used to estimate the size and characteristics of hail that has occurred at the site.

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 17

Project Name: Cole & Ashcroft, LP
Nelson File No.: 26357

As a rule of thumb, indentations in typical metal panel roofing and/or cap flashing (most commonly 24 or 26 gauge thickness) are on the order of one-half the size of the impacting hailstone (Noon 2001, Crenshaw and Koontz 2002). Different types and thickness of metals may exhibit differing indentation measurements for a given hailstone impact. Factors such as the angle of impact and the impacted surface's support conditions will also affect the depth and diameter of indentations. Additionally, the physical characteristics of the hail can affect the appearance and nature of indentations in a given surface.

METAL PANEL ROOFING SYSTEMS

Structural metal panels have the strength and capability of spanning structural members such as joists or purlins without being supported by a continuous or closely spaced roof deck. Structural metal panels are typically waterproof roof systems, meaning they are designed to resist the passage of water at joints, laps, and junctures under minimal hydrostatic pressure. Due to the waterproof nature of these roof systems, underlayment is typically not needed. Structural metal panels derive their strength from the panel and seam configuration, and the use of heavier gauges of metal. Structural metal panels can be used in both low-slope and steep-slope applications (NRCA 2016).

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 18

Project Name: Cole & Ashcroft, LP
Nelson File No.: 26357

REVIEW OF HISTORICAL HAIL DATA

Nelson reviewed historical hail data to provide insight into the history of hail occurrences in the vicinity of the subject structure and to supplement on-site observations. The information included site-specific weather estimates obtained from CoreLogic Weather Verification Services (CoreLogic), a third-party forensic weather service.

Reported weather events and/or estimates may not be directly comparable to those actually experienced at the structures. Weather can vary from site-to-site during a given storm, and site-specific investigation is important to determine the impact of a weather event at a given site.

SITE-SPECIFIC HAIL VERIFICATION REPORT

Nelson ordered a site-specific hail verification report from CoreLogic. The hail verification report provides the estimated hailstone size at the subject site for storm events subsequent to January 1, 2009, with hail of at least 0.75" in diameter estimated to have occurred at the site location. The estimated maximum potential hailstone sizes are based on a proprietary algorithm and are not a direct measurement of actual hailstones that fell at the location of the subject structure. The report was generated on August 21, 2019, and provides reports inclusive of August 20, 2019. A copy of the report is provided in the **Appendix** of this report.

CoreLogic reported three (3) hail events with an estimated maximum hail size measuring 0.75" in diameter or larger at the subject site within the aforementioned date range. The hail event with the largest estimated maximum hail size at the subject site occurred on May 9, 2019, the reported date of loss, with estimated maximum hail of 1.2" in diameter, which occurred on May 9, 2019, the reported date of loss. The maximum estimated hail size was 1.7" within 1 mile of the subject site and 2.3" within 3 miles of the subject site on the reported date of loss. The other two hail events occurred on May 12, 2016, and April 19, 2015, with estimated maximum hail size at the subject site of 0.8" and 1", respectively.

Commercial Building | Hail Distress Evaluation
 September 4, 2019
 Page 19

Project Name: Cole & Ashcroft, LP
 Nelson File No.: 26357

A N A L Y S I S

ROOF

Nelson observed circular indentations at the metal panel roofing, rake trim, parapet wall cap flashing, and ridge vents of the subject structure consistent with hail impact. Based on the results of Nelson's Roof Impact Evidence Survey, approximately four indentations (on average) attributable to hail impact exist within each 100 square feet of roofing. The indentations measure up to approximately 5/8" in diameter at the majority of locations evaluated, with one location measuring up to 3/4" in diameter. At several of the indentations evaluated, burnish marks measuring up to approximately 3/4" in diameter were observed. Based on observed conditions, the circular indentations measuring up to 5/8" to 3/4" in diameter are consistent with hail impact from a recent hail event producing hail of up to approximately 1 1/4" to 1 1/2" in diameter. **Nelson is of the opinion that the hail event that occurred on May 9, 2019 (reported date of loss), caused the circular indentations at the aforementioned roofing areas.**

Nelson did not observe deformed/open seams at the roof panels or distress to the roof panel finish consistent with hailstone impact. Additionally, the functionality and waterproofing capability of the rake trim, parapet wall cap flashing, and ridge vents were not compromised by hail impact. Therefore, **it is Nelson's opinion that the hail-related indentations at the metal panel roofing, metal rake trim, metal cap flashing at the parapet walls, and metal casing at the ridge vents have not compromised the function, waterproofing capability, or future performance of the roof system and the aforementioned roofing components.** Repairs are not necessary at these items nor does Nelson recommend repairs at these items.

The widespread tears in the membrane tape flashing, and areas of missing membrane tape flashing, at the base of the ridge vents is primarily due to long-term deterioration and deferred maintenance. However, **circular tears/holes in the older-looking membrane tape flashing that measured approximately 1/2" to 1" in diameter are conservatively attributed to hail impact during the reported date of loss.**

Nelson observed localized kinks in the panel ribs at the R-panel roofing at the approximate mid-span between support locations. **Nelson is of the opinion that these kinks are due to improper foot traffic, unrelated to hail.**

The irregular-shaped deformations or deformations that were larger than 1" in diameter at the ridge vents are consistent with mechanical impact, unrelated to hail.

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 20

Project Name: Cole & Ashcroft, LP
Nelson File No.: 26357

EXTERIOR

There were no circular indentations at the metal R-panels or metal downspouts at the exterior walls of the subject structure consistent with hail impact. Isolated deformation/abrasions and/or kinks in the metal wall panels are consistent with mechanical impact and are not consistent with distress caused by hail. The two isolated indentations located at the lower portion of the wall panels at the north elevation were too large for the maximum estimated hail size during the hail events reported by CoreLogic, and not consistent with hail impact. Thus, **Nelson is of the opinion that there is no hail impact distress at the exterior of the subject structure.**

CONCLUSIONS

Based on reported information, observed conditions, testing performed, available documentation, historical hail data, and analysis, Nelson is of the following opinions regarding the observed distress:

- The discrete circular indentations at the metal panel roofing, metal rake trim, metal cap flashing at the parapet walls, and metal casing at the ridge vents at the subject structure are consistent with hail impact during the reported date of loss. However, the indentations have not compromised the functionality, waterproofing capabilities, or life expectancy of the panels/components. Repairs to the roofing panels/components are not necessary nor does Nelson recommend any repairs at these items.
- A portion of the circular/radial tears at the older membrane tape flashing located at the base of the ridge vents at the upper roof are conservatively attributed to hail impact during the reported date of loss, and has compromised the waterproofing capability of this flashing. Nelson estimates that no more than 30 linear feet of this membrane tape flashing is affected by hail impact. The remainder of this membrane tape flashing requires repairs due to long-term deterioration and deferred maintenance, unrelated to hail.
- Hail impact has not damaged the exterior of the subject structure.

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 22

Project Name: Cole & Ashcroft, LP
Nelson File No.: 26357

LIMITATIONS

The items observed and documented in this report are intended to be representative of the condition of the structure evaluated by Nelson as it relates to Nelson's assignment identified in the **Authorization and Purpose** section in this report. No attempt has been made to document the condition of each and every structural or nonstructural element. Only visible items were observed and documented. Destructive testing was not performed by Nelson.

This report was prepared in order to document distress observed at the roof and exterior of the subject structure. The opinions presented herein are based on site observations, field information and measurements taken, written and verbal information, and experience, where applicable. No complete review of this structure's conformance to current or previously applicable building codes was performed. However, specific items that may be at issue with the applicable building code requirements may be noted.

This report should not be construed as an assessment of total damages to the structure at the time of site observation. In addition to the observed and documented items of distress, hidden defects may exist that were not readily visible. Also, some damaged areas may have been previously repaired and, unless otherwise noted, were not visible at the time of observation. However, these areas may experience future distress. No representation, guarantee, or warranty as to the future performance of this structure is made, intended, or implied.

This report was prepared for the purpose of evaluating a claim. In the event that additional information becomes available that could affect the conclusions reached in this investigation, this office reserves the right to review, and, if required, change the opinions presented herein.

This report was prepared for exclusive use of the client and its representatives. No unauthorized re-use or reproduction of this report, in part or whole, shall be permitted without prior written consent.

Alteration of this document in any way by anyone other than the professional whose seal appears on the document, in either hard copy or electronic form, is strictly prohibited and may constitute a violation of state and/or federal laws.

Commercial Building | Hail Distress Evaluation
September 4, 2019
Page 23

Project Name: Cole & Ashcroft, LP
Nelson File No.: 26357

REFERENCES

Crenshaw, V., & Koontz, J. D. 2002. "Hail: Sizing it Up!" *Western Roofing Magazine*, May/June 2002.

Google, Inc. 2019. "Google Earth" (Software). Current Version.

HCAD. "Property Search." *Harris County Appraisal District*. Website. 2019. Accessed August 2019. <http://hcad.org/>.

National Roofing Contractors Association (NRCA). 2016. The NRCA Roofing Manual: Metal Panel and SPF Roof Systems. Rosemont, IL: NRCA.

Noon, Randal K., 2001. *Forensic Engineering Investigation*. Boca Raton, FL: CRC Press.

APPENDIX

APPENDIX



Hail Verification Report

Claim or Reference #	26357
Insured/Property Owner	Cole & Ashford
Address	5631 Brystone Dr Houston, TX 77041
Coordinates	Latitude 29.848897, Longitude -95.580846
Date Range	Jan 01, 2009 to Aug 20, 2019
Report Generated	August 21st, 2019 at 13:52:51 UTC

Storm Events

Date	At Location	Estimated Maximum Hail Size		
		Within 1 mi / 1.61 km	Within 3 mi / 4.83 km	Within 10 mi / 16.09 km
May 9, 2019	1.2 in / 3.05 cm	1.7 in / 4.32 cm	2.3 in / 5.84 cm	2.3 in / 5.84 cm
May 12, 2016	0.8 in / 2.03 cm	1.1 in / 2.79 cm	1.5 in / 3.81 cm	1.5 in / 3.81 cm
Apr 17, 2016	--	--	1.2 in / 3.05 cm	1.3 in / 3.3 cm
Apr 19, 2015	1 in / 2.54 cm	1.3 in / 3.3 cm	1.6 in / 4.06 cm	1.7 in / 4.32 cm
Apr 16, 2015	--	--	0.9 in / 2.29 cm	0.9 in / 2.29 cm
Jul 26, 2009	--	--	0.75 in / 1.91 cm	0.75 in / 1.91 cm

- Hail dates begin at 6am CST on the indicated day and end at 6am CST the following day.
- Dash "--" indicates 0.75 in / 1.91 cm or larger hail was detected within 3 mi / 4.83 km, but not at location.
- Hail sizes being reported within this report start at 0.75 in / 1.91 cm and increase in 0.1 in / 0.25 cm increments; rounded to the nearest 0.1 in / 0.25 cm.
- This report contains hail events between Jan 01, 2009 and Aug 20, 2019.

Important Legal Notice and Disclaimer

THIS REPORT AND THE CORRESPONDING DATA IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND ONLY FOR INTERNAL USE BY THE INITIAL PURCHASER/END-USER RECIPIENT HEREOF. NOTWITHSTANDING THE FOREGOING, SUCH PURCHASER/END-USER MAY SHARE THIS REPORT WITH THE OWNER OF THE PROPERTY THAT IS THE SUBJECT OF THE REPORT. CORELOGIC, INC. AND/OR ITS SUBSIDIARIES OR AFFILIATES ("CORELOGIC") DO NOT ASSUME, AND EXPRESSLY DISCLAIM LIABILITY FOR ANY LOSS OR DAMAGE RESULTING FROM THE USE OF, OR ANY DECISIONS BASED ON OR IN RELIANCE ON, THIS REPORT AND THE CORRESPONDING DATA.

THIS REPORT AND THE CORRESPONDING DATA ARE FURNISHED "AS IS", WITHOUT WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, NON-INFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE (EVEN IF THAT PURPOSE IS KNOWN TO CORELOGIC). SOME STATES DO NOT ALLOW THE EXCLUSION OF IMPLIED WARRANTIES, SO THE ABOVE EXCLUSIONS MAY NOT APPLY TO THE USER. IN THAT EVENT, ANY IMPLIED WARRANTIES ARE LIMITED IN DURATION TO NINETY (90) DAYS FROM THE DATE OF THE REPORT AND TO THE DOLLAR AMOUNT OF THE REPORT.

THE CONTENTS OF THIS REPORT ARE PROTECTED BY APPLICABLE COPYRIGHT AND OTHER INTELLECTUAL PROPERTY LAWS AND MAY INCLUDE PROPRIETARY OR OTHER CONTENT OF THIRD PERSONS. NO PERMISSION IS GRANTED TO COPY, DISTRIBUTE, MODIFY, POST OR FRAME ANY TEXT, GRAPHICS, OR USER INTERFACE DESIGN OR LOGOS INCLUDED IN THIS REPORT. ALL USERS OF THIS REPORT AGREE TO HOLD HARMLESS CORELOGIC AND ITS AFFILIATES, EQUITY HOLDERS, DIRECTORS, OFFICERS, EMPLOYEES, CONTRACTORS, AGENTS, REPRESENTATIVES AND SUPPLIERS OF THIRD PARTY CONTENT FROM ANY USE OR MISUSE, MISAPPLICATION, ALTERATION OR UNAUTHORIZED DISCLOSURE OF THIS REPORT.

THIS NOTICE AND DISCLAIMER IS INTENDED TO FUNCTION IN HARMONY WITH THE CORELOGIC TERMS OF USE AVAILABLE ON THE WEATHER VERIFICATION SERVICES WEBSITE. IN THE EVENT OF ANY CONFLICT BETWEEN THE TWO DOCUMENTS, THE CORELOGIC TERMS OF USE SHALL GOVERN.

Scan to Verify Authenticity



The original contents of this report are stored online in the original state provided by CoreLogic. Scan this QR Code and it will take you to a link to view the data and verify its authenticity.



Printed on post-consumer recycled stock.

1-877-850-8765
www.nelsonforensics.com

Telaclaim® - *Online request for professional services.*



State Auto Insurance Companies

518 East Broad Street
Columbus, Ohio 43215

Insured: COLE & ASHCROFT, LP
Property: 5631 Brystone Drive
Houston, TX 77041
Home: 5631 BRYSTONE DR
HOUSTON, TX 77041

Business: (713) 937-8657
E-mail: john@coleandashcroft.com

Claim Rep.: Ashley Manning

Business: (317) 931-7133
E-mail: Ashley.Manning@StateAuto.com

Estimator: Jerry Ptacek

Business: (512) 621-6983
E-mail: gerald.ptacek@stateauto.com

Claim Number: PR-0000000-262374

Policy Number: PBP2832159

Type of Loss: Hail

Date Contacted: 8/5/2019 3:55 PM

Date Received: 5/9/2019 1:01 AM

Date of Loss: 5/9/2019 1:01 AM

Date Entered: 8/2/2019 3:20 PM

Date Inspected: 8/21/2019 9:00 AM

Date Est. Completed: 8/26/2019 7:35 PM

Price List: TXHO8X_AUG19

Restoration/Service/Remodel

Estimate: COLE_&_ASHCROFT__LP1

Dear COLE & ASHCROFT, LP:

We have determined that the cost to repair or replace your damaged property as a result of the above referenced loss is \$633.17. Since the total amount of the loss does not exceed your deductible amount, we regret that we will be unable to pay for your damages.

If you have any questions, or if we may assist you in any way, please let us know.

EXHIBIT B-6



State Auto Insurance Companies

518 East Broad Street
Columbus, Ohio 43215

COLE_&ASHCROFT_LP1

5631 Brystone Drive

Exterior

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	RCV	DEPREC.	ACV
Peel and stick roof flashing tape*	30.00 LF					INCL. IN MIN.
Roofing Repair - Minimum Charge - Labor and Material	1.00 EA	498.83	2.87	501.70	(0.00)	501.70
Haul debris - per pickup truck load - including dump fees	1.00 EA	131.47	0.00	131.47	(0.00)	131.47
Totals: Roof			2.87	633.17	0.00	633.17
Total: Exterior			2.87	633.17	0.00	633.17
Total: 5631 Brystone Drive			2.87	633.17	0.00	633.17
Line Item Totals: COLE_&ASHCROFT_LP1			2.87	633.17	0.00	633.17

Grand Total Areas:

0.00 SF Walls	0.00 SF Ceiling	0.00 SF Walls and Ceiling
0.00 SF Floor	0.00 SY Flooring	0.00 LF Floor Perimeter
0.00 SF Long Wall	0.00 SF Short Wall	0.00 LF Ceil. Perimeter
0.00 Floor Area	0.00 Total Area	0.00 Interior Wall Area
27,234.74 Exterior Wall Area	1,129.82 Exterior Perimeter of Walls	
42,888.54 Surface Area	428.89 Number of Squares	1,140.58 Total Perimeter Length
325.49 Total Ridge Length	0.00 Total Hip Length	



State Auto Insurance Companies

518 East Broad Street
Columbus, Ohio 43215

Summary for Building

Line Item Total	630.30
Material Sales Tax	2.87
Replacement Cost Value	\$633.17
Less Deductible	(633.17)
Net Claim	\$0.00

Jerry Ptacek

Please present a copy of this estimate to the contractor of your choice prior to the start of the repairs. If they have any questions regarding the scope of repairs or unit costs on this estimate, it is IMPORTANT that they contact the State Auto claim representative handling your claim prior to initiating the repairs. Additional work or cost is not authorized without prior approval of State Auto Insurance Companies.

State Auto Insurance Companies advocates consumer choice, especially when concerning repairs to your property. We strongly encourage you to choose wisely when selecting a contractor. Contractors are not affiliates of State Auto Insurance Companies, and State Auto Insurance Companies do not guarantee or warrant any workmanship to your property during or after the repair process.



September 26, 2019

Cole & Ashcroft, LP
C/o National Public Adjusting LLC
Attn: Ray Demeritt
1305 West 11th Street, #4009
Houston, TX 77008

Company: State Automobile Mutual Insurance Company
NAIC #: 25135
Insured: Cole & Ashcroft LP; DBA Shutters Plus; DBA Hullabaloo Trading & Adzy
Policy Number: PBP 2832159
Loss Location: 5631 Brystone Drive, Houston, TX 77041
Date of Loss: 5/9/2019
State Auto Claim #: PR-0000000-262374

Dear Mr. John Lines:

I'm sure you are aware that, realistically, an insurance policy cannot be written to cover every possible exposure. When there is an accident or occurrence, we have to look at the language of the policy and the facts of the case to find out whether coverage applies. Sometimes a question arises about whether the policy applies to the particular situation. I am writing today to let you know about a problem with this claim.

We have carefully reviewed the facts and circumstances of your claim. Unfortunately, we find that your policy does not provide coverage for a portion of the damage incurred. Your policy covers damage due to direct, physical loss unless specifically excluded or limited. A claim was reported on August 2, 2019 for hail damage said to have occurred on May 9, 2019. We retained Nelson Forensics to conduct an inspection of the property. Our investigation determined there was hail damage that occurred on the reported date of loss, however with the exception of a portion of the membrane flashing, all hail was found to be cosmetic and will not impact the functionality of the roofing system. The following is a summary of our engineer's inspection findings:

- The discrete circular indentations at the metal panel roofing, metal rake trim, metal cap flashing at the parapet walls, and metal casing at the ridge vents at the subject structure are consistent with hail impact during the reported date of loss. However, the indentations have not compromised the functionality, waterproofing capabilities, or life expectancy of the panels/components. Repairs to the roofing panels/components are not necessary nor does Nelson recommend any repairs at these items.
- A portion of the circular/radial tears at the older membrane tape flashing located at the base of the ridge vents at the upper roof are conservatively attributed to hail impact during the reported date of loss, and has compromised the waterproofing capability of this flashing. Nelson estimates that no more than 30 linear feet of this membrane tape flashing is affected by hail impact. The remainder of this membrane tape flashing requires repairs due to long-term deterioration and deferred maintenance, unrelated to hail.
- Hail impact has not damaged the exterior of the subject structure.

EXHIBIT B-7

- Our engineer observed localized kinks in the panel ribs at the R-panel roofing at the approximate mid-span between support locations. Nelson is of the opinion that these kinks are due to improper foot traffic, unrelated to hail.
- The irregular-shaped deformations or deformations that were larger than 1" in diameter at the ridge vents are consistent with mechanical impact, unrelated to hail.

While hail damage is covered by the policy, it excludes coverage for superficial damage on the roofing surface. The remaining damage listed above is the result of wear, tear, deterioration and lack of proper maintenance, which are specifically excluded in the policy.

To understand why, please refer to your policy, particularly to the Building and Personal Property Coverage Form, CP0010 10/12, on pages 1-2 and 8, the Causes of Loss - Special Form, CP1030 10/12, on pages 1-5, the Limitations on Coverage for Roof Surfacing, CP1036 10/12, on page 1, the Commercial Property Conditions, CP0090 07/88, on page 1, and the Texas Changes, CP0142 03/12.

Building and Personal Property Coverage Form, CP0010 10/12

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this Section, **A.1.**, and limited in **A.2.**, Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

- Buildings, meaning the building or structure at the premises described in the Declarations
 - Completed additions;
 - Fixtures, including outdoor fixtures;
 - Permanently installed:
 - Machinery; and
 - Equipment;
 - Personal property owned by you that is used to maintain or service the building or structure or its premises, including
 - Fire-extinguishing equipment;
 - Outdoor furniture;
 - Floor coverings; and
 - Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - If not covered by other insurance:
 - Additions under construction, alterations and repairs to the building or structure;
 - Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

3. Covered Causes of Loss

See applicable Causes of Loss Form as shown in the Declarations.

B. Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations.

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the

Commercial Property Conditions.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to Investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.

Causes of Loss – Special Form, CP1030 10/12

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

2. We will not pay for loss or damage caused by or resulting from any of the following:
 - d.(1) Wear and tear
 - (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - (4) Settling, cracking, shrinking or expansion;
3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance of part or all of any property on or off the described premises.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or

damage as described and limited in this section.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless;

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

Limitations on Coverage for Roof Surfacing, CP1036 10/12

This endorsement modifies insurance provided under the following:

BUILDERS RISK COVERAGE FORM

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

CONDOMINIUM ASSOCIATION COVERAGE FORM

CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

STANDARD PROPERTY POLICY

SCHEDULE

B. The following applies with respect to loss or damage by **wind and/or hail** to a building or structure identified in the Schedule as being subject to this Paragraph **B**:

We will not pay for cosmetic damage to roof surfacing caused by wind and/or hail. For the purpose of this endorsement, cosmetic damage means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.

Commercial Property Conditions, CP0090 07/88

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations;
 - b. Within the coverage territory.

Texas Changes, CP0142 03/12:

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

B. Legal Action Against Us

1. The **Legal Action Against Us** Property Condition is replaced by the following, except as provided in **B.2.** below:

Legal Action Against

- a. Except as provided in Paragraph b., may bring a legal action against us under this Coverage Part unless:
 - (1) There has been full compliance with all of the terms of this Coverage Part; and
 - (2) The action is brought within two years and one day from the date the cause of action first accrues. A cause of action accrues on the date of the initial breach of our contractual duties as alleged in the action.
 - b. With respect to loss or damage in the State of Texas caused by windstorm or hail in the catastrophe area as defined by the Texas Insurance Code, no one may bring a legal action against us under this Coverage Part unless:
 - (1) There has been full compliance with all the terms of this Coverage Part; and
 - (2) The action is brought within the earlier of the following:
 - (a) Two years and one day from the date we accept or reject claim; or
 - (b) Three years and one day from the date of the loss or damage that is the subject of the claim.

It appears clear the above exclusions apply to your loss. Consequently, State Automobile Mutual Insurance Company cannot provide coverage to you for this portion of the claim. That being said, we have prepared an estimate for the hail damage, that is not considered to be cosmetic, which totals \$633.17, which is less than the policy deductible of \$87,500.00, therefore no payment has been released.

It appears clear the above exclusions apply to the facts of your case. Consequently, State Automobile Mutual Insurance Company cannot provide coverage to you for this claim.

It is possible that there are additional reasons why coverage would not apply. Neither this letter nor any act by any representative of State Automobile Mutual Insurance Company should be construed to be a waiver of any of the policy terms and conditions. On the contrary, we specifically reserve our right to rely on the policy language, and to deny coverage for any valid reason that may appear.

Should you have evidence contrary to our findings or have more information you would like for State Automobile Mutual Insurance Company to consider, please submit it to me immediately for further review. This letter is subject to amendment should additional information become available.

If you have any questions about this letter, please give me a call. I would be happy to discuss this case with you if you wish.

Sincerely,

Ashley Manning, AIC
CARE Associate Senior
State Auto Insurance Companies
Phone: 317.931.7133 | Ashley.Manning@StateAuto.com



[Email](#) | [Website](#)   

Cc: Marsh & McLennan Agency LLC

McCLENNY MOSELEY & ASSOCIATES
a Professional Limited Liability Company

516 Heights Blvd., Houston, TX 77007
Principal: 713.334.6121 / Toll Free: 844.662.7552 / Fax: 713.322.5953
www.mma-pllc.com / messages@mma-pllc.com

October 2, 2019

Via Facsimile and Email

State Auto Insurance Company
P.O, Box 182822
Columbus, Ohio 43218

dawn.pelnarsh@stateauto.com
Ashley.manning@stateauto.com

Re: Our Client/Insured : Cole & Ashcroft, LP
Claim Number : PR-0000000-262374
Policy Number : PBP2832159
Loss Address : 5631 Brystone Drive, Houston TX 77041
Date of Loss : 5/9/2019

LETTER OF REPRESENTATION

Mr. or Mrs. Claims Administrator:

Please be advised that McClelly Moseley & Associates, PLLC has been retained by (hereafter, "Client") as legal counsel regarding all their claims and causes of action against State Auto Insurance Company. Effective immediately, please direct all communications to our law firm at the above-listed address. As you know, my Client suffered a covered loss under their policy, which resulted in severe and continuing structural damage to their property. A proper claim was thereafter made by my Client in a timely fashion on or about May 09, 2019.

To date, State Auto Insurance Company has woefully failed to properly investigate, evaluate and pay policy proceeds due and owed to my Client regarding their pending claim. Moreover, our investigation reveals that State Auto Insurance Company's negligence and mishandling of this matter proximately caused my Client's damages for which State Auto Insurance Company is ultimately responsible. Please know that we are in the process of accumulating additional evidence and any remaining information as to my Client's damage model will be presented without delay.

In addition to the above, you are hereby on notice that McClelly Moseley & Associates representation relates to any and all claims made by my Client regarding their above referenced loss and property located at 5631 Brystone Drive, Houston TX 77041. Accordingly, as it relates to our Client, the specified location and claim, or any other related property or claim for insurance proceeds, your communication must be conducted under the conditions specified above, with payments made accordingly. This requires that McClelly Moseley & Associates, PLLC be listed as a payee on any payment or draft made from this point forward.

You are hereby further on notice that you are to immediately provide our firm with a full and accurate certified copy of my Client's insurance policy. We also demand complete copies of both your claims file and underwriting file related to this covered property and loss. State Auto Insurance Company

EXHIBIT B-8



MCCLENNY | MOSELEY
& ASSOCIATES

Page 1 of 3
Cole & Ashcroft 01695

has fifteen (15) days to comply with this request.

Moving forward, and consistent with my client's rights under the subject policy, please forward any and all copies of the following to our attention immediately:

- a. All applications for coverage by our client, including any and all modifications or amendments thereto;
- b. Letters sent by and between my Client and State Auto Insurance Company;
- c. All documents regarding the processing of the above claim;
- d. A description outlining exactly why the above claim has not been paid in full;
- e. All of State Auto Insurance Company's file notes;
- f. Any videos taken or received regarding the above claim;
- g. All photographs taken or received regarding the above claim;
- h. All investigative reports regarding the above claim;
- i. All engineering reports regarding the above claim;
- j. All emails, instant messages and internal correspondence pertaining to my client's underlying claim;
- l. All emails and other forms of communication by and between all parties in this matter relating to the underlying event, claim or the property;
- m. All underwriting files referring or relating in any way to the policy at issue in this action, including the file folders in which the underwriting documents are kept and drafts of all documents in the file; and,
- m. State Auto Insurance Company complete claim files from the home, regional, local offices, and third party adjusters/adjusting firms regarding the claim that is the subject of this matter, including copies of the file jackets, "field" files and notes, and drafts of documents contained in the file for the premises relating to or arising out of my client's underlying claim.

This entire letter is a pertinent communication with respect to the resolution of this case. A prompt response is therefore expected, as defined within the provisions of the laws set forth by the State in which the Subject Property resides.

Respectfully Submitted,

/s/ *Derek L. Fadner*
DEREK L. FADNER
Texas Bar No. 24100081
JAMES M. MCCLENNY
Texas Bar No. 24091857



MCCLENNY | MOSELEY
& ASSOCIATES

J. ZACHARY MOSELEY
Texas Bar No. 24092863
MCCLENNY MOSELEY & ASSOCIATES, PLLC
Derek@mma-pllc.com



MCCLENNY | MOSELEY
& ASSOCIATES

McCLENNY MOSELEY & ASSOCIATES
a Professional Limited Liability Company

516 Heights Boulevard
Houston, Texas 77007
Principal Office: 713.334.6121 / Toll Free: 844.662.7552
www.mma-pllc.com / messages@mma-pllc.com

October 2, 2019

Via Facsimile and Email

State Auto Insurance Company
P.O. Box 182822
Columbus, Ohio 43218

dawn.pelnarsh@stateauto.com
Ashley.manning@stateauto.com

Re: Our Client/Insured : Cole & Ashcroft, LP
Claim Number : PR-0000000-262374
Policy Number : PBP2832159
Loss Address : 5631 Brystone Drive, Houston TX 77041
Date of Loss : 5/9/2019

APPRAISAL DEMAND

Pursuant to the policy, Cole and Ashcroft, LP demands appraisal. Cole and Ashcroft, LP hereby appoints Mr. Fred Lupfer as its appraiser. Thank you for your attention to this matter. We look forward to hearing from you. Please find Mr. Lupfer's contact information:

Fred Lupfer
9824 B Salem Way
Waco, Texas 76708
(254) 644-5840
advancedpia@gmail.com

Respectfully Submitted,

(s/ Derek L. Fadner
DEREK L. FADNER
Texas Bar No. 24100081
MCCLENNY MOSELEY & ASSOCIATES, PLLC
Derek@mma-pllc.com

EXHIBIT B-9

Page 1 of 1

Cole & Ashcroft 01698



MCCLENNY | MOSELEY
& ASSOCIATES



Illinois | Michigan | Missouri | New Jersey | New York | Pennsylvania | Texas
www.smsm.com

Patrick M. Kemp
Direct (512) 370-1235
pkemp@smsm.com

October 21, 2019

Derek L. Fadner
James M. McCleyny
J. Zachary Moseley
McCleyny Moseley & Associates, PLLC
516 Heights Blvd.
Houston, TX 77007

[Via Email](mailto:derek@mma-pllc.com) derek@mma-pllc.com

Claim #: PR-0000000-262374
Policy #: PBP2832159
Insured: Cole & Ashcroft, LP
Loss Location: 5631 Brystone Dr., Houston, Texas 77041
Reported Loss Date: 08/01/2019

Dear Counsel:

I am in receipt of your October 2, 2019 letter regarding this matter. Please be advised that I have been retained to represent State Automobile Mutual Insurance Company.

THE CLAIM

On August 2, 2019, your client, Cole & Ashcroft, LP, initiated a claim (the "Claim") under an insurance policy issued by State Automobile Mutual Insurance Company ("State Auto"), bearing policy number PBP2832159 (the "Policy"), seeking policy benefits for hail damage to your client's property (the "Property") claimed to have arisen from a storm on or about May 9, 2019. State Auto timely acknowledged and commenced an investigation into the Claim, which included retaining Nelson Forensics to conduct an inspection of the Property. Matthew Oestrike, P.E. from Nelson Forensics subsequently issued a report in which he concluded that, apart from a portion of the membrane flashing, the claimed hail damage was cosmetic and will not impact the functionality of the roofing system. The following is a summary of Oestrike's findings:

- The discrete circular indentations at the metal panel roofing, metal rake trim, metal cap flashing at the parapet walls, and metal casing at the ridge vents at the subject structure are consistent with hail impact during the reported date of loss. However, the indentations have not compromised the functionality, waterproofing capabilities, or life expectancy of the panels/components. Repairs to the roofing panels/components are not necessary nor does Oestrike recommend any repairs at these items.

EXHIBIT B-10

Derek L. Fadner
James M. McClenney
J. Zachary Moseley
McClenny Moseley & Associates, PLLC
October 21, 2019
Page 2

- A portion of the circular/radial tears at the older membrane tape flashing located at the base of the ridge vents at the upper roof are conservatively attributed to hail impact during the reported date of loss, and has compromised the waterproofing capability of this flashing. Oestrike estimates that no more than 30 linear feet of this membrane tape flashing is affected by hail impact. The remainder of this membrane tape flashing requires repairs due to long-term deterioration and deferred maintenance, unrelated to hail.
- Hail impact has not damaged the exterior of the subject structure.
- The localized kinks in the panel ribs at the R-panel roofing at the approximate mid-span between support locations are due to improper foot traffic, unrelated to hail.
- The irregular-shaped deformations or deformations that were larger than 1" in diameter at the ridge vents are consistent with mechanical impact, unrelated to hail.

Based on the above findings, most of the claimed hail damage to the Property was superficial and the remaining damage was the result of wear, tear, deterioration, and/or lack of proper maintenance. As such, the following Policy exclusions apply to your client's claim:

Building and Personal Property Coverage Form, CP0010 10/12

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;

(4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

- (a) Fire-extinguishing equipment;
- (b) Outdoor furniture;
- (c) Floor coverings; and
- (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

Derek L. Fadner
James M. McClenney
J. Zachary Moseley
McClenny Moseley & Associates, PLLC
October 21, 2019
Page 3

(5) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the building or structure;

Causes of Loss – Special Form, CP1030 10/12

A. Covered Causes of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

2. We will not pay for loss or damage caused by or resulting from any of the following:
 - d. (1) Wear and tear;
 - (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - (4) Settling, cracking, shrinking or expansion;
3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance; of part or all of any property on or off the described premises.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a covered cause of loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

Derek L. Fadner
James M. McClenney
J. Zachary Moseley
McClenny Moseley & Associates, PLLC
October 21, 2019
Page 4

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

Limitations on Coverage for Roof Surfacing, CP1036 10/12

This endorsement modifies insurance provided under the following:

BUILDERS RISK COVERAGE FORM
BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY

B. The following applies with respect to loss or damage by **wind and/or hail** to a building or structure identified in the Schedule as being subject to this Paragraph **B.**:

We will not pay for cosmetic damage to roof surfacing caused by wind and/or hail. For the purpose of this endorsement, cosmetic damage means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.

Because most of your client's claimed damages were either cosmetic hail dents or the result of wear, tear, deterioration, and/or lack of proper maintenance, it is clear that the above policy exclusions apply to your client's loss. However, Oestrike determined that hail damaged a portion of the Property's membrane tape flashing, compromising its waterproofing capability. State Auto prepared an estimate to repair the damaged membrane tape flashing, which totaled \$633.17. Because the covered damage is less than the Policy's deductible of \$87,500, State Auto did not issue payment on your client's claim.

DESIGNATION OF APPRAISER

After careful review of the Claim, we do not see any new information that would affect the coverage determination in the Claim. Furthermore, it is clear that the disagreement between Plaintiff and State Auto is not one regarding the amount of loss, but rather one regarding coverage; therefore, appraisal will do little to resolve the dispute between the parties. The Policy, and Texas law, provides that an insurer retains the right to deny a claim, including when there is no coverage. Nonetheless, with those reservations made clear, State Auto has agreed to move forward with the appraisal requested by Plaintiff.

Derek L. Fadner
James M. McClenney
J. Zachary Moseley
McClenny Moseley & Associates, PLLC
October 21, 2019
Page 5

State Auto designates the following person as its appraiser:

Brett Lochridge
Unified Building Sciences, Inc.
209 E Greenbriar Ln.
Dallas, Texas 75203
(214) 942-0385
brett@unifiedgroup.com

Please forward this information to your client's appraiser. We look forward to working with you in a joint request for the appointment of an umpire, in the event the appraisers are unable to agree on an umpire as provided in the Policy.

RESERVATION OF RIGHTS

State Auto reserves all rights under the Policy and applicable law with respect to the claim, and nothing in this letter should be construed as a waiver by State Auto of any policy provisions or defenses which are or may become available. Please be advised that any action taken by State Auto, its agents, adjusters, and/or independent representatives in investigating, and/or ascertaining the loss and coverage under the policy of insurance; the scope and amount of loss or damage; and any other fact or circumstance relating to or pertaining to your client's claim and to the loss at the Property, shall not waive or invalidate any of the terms and conditions of the Policy or any rights or defenses afforded to State Auto under the Policy or at law.

Very truly yours,

Patrick M. Kemp

Patrick M. Kemp



APPRAISAL AWARD

Insured Name : Cole & Ashcroft
 Claim Number : PR262374
 Policy Number : PBP2832159 00
 Date of Loss : 5/9/2019
 Insured Property Location : 5631 Brystone Dr., Houston, Texas 77041

We the undersigned, pursuant to our appointment as appraisers and umpire in the above referenced appraisal, DO HEREBY CERTIFY, that we have conscientiously performed the duties assigned to us and have appraised the value of all losses presented as follows:

Coverage	Actual Cash Value	Replacement Cost Value
Building	\$ 316,420.39	\$ 388,892.70
Other Structures	\$ Not Addressed	\$ Not Addressed
Contents	\$ 43,564.23	\$ 57,257.98
Ordinance & Law	\$ Not Addressed	\$ Not Addressed
ALE	\$ Not Addressed	\$ Not Addressed
Total Amount Awarded	\$ 359,984.62	\$ 446,150.68

*Per the attached Estimate which is an integral part of the award document.

Stipulations

This award is made without consideration of any deductibles or prior payments. Such deductibles and prior payments will be subtracted from any payments due and owing because of the entry of this award. This award is made subject to all the terms, conditions, and exclusions of the above listed policy. Policy coverage to be addressed by others.

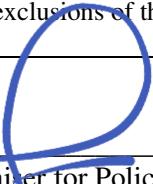
 <hr/> Appraiser for Policyholder Fred Lupfer Date: August 7, 2020	 Appraiser for Insurance Carrier Brett Lochridge Date: 8/7/2020	 <hr/> Umpire Randy LeBlanc Date: 8/7/2020
--	---	--

EXHIBIT B-11



AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

Claim Rep.: AllStar Adjusters USA
Position: Adjuster
Company: AllStar Adjuster's LLC
Business: 4808 Fairmont Pkwy. Ste. 19
Pasadena, TX 77505

Estimator: AllStar Adjusters USA
Position: Adjuster
Company: AllStar Adjuster's LLC
Business: 4808 Fairmont Pwy. Ste. 191
Pasadena, TX 77505

Claim Number: PR262374

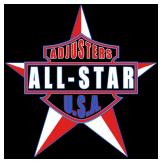
Policy Number: PBP 2832159 00

Type of Loss: Wind/Hail

Date of Loss: 5/9/2019 12:00 AM
Date Inspected: 6/11/2020

Date Received:

Price List: TXHO8X_JUL20
Estimate: Restoration/Service/Remodel
Estimate: UMP COLE ASHCROFT



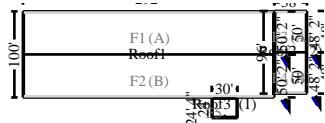
AllStar Adjusters USA

AllStar Adjusters USA
 4808 Fairmont Pwy. Ste. 191
 Pasadena, Texas 77505
 (281) 741-8045

UMP_COLE_ASHCROFT

Coverage A

Roof1



33691.79 Surface Area
 1162.02 Total Perimeter Length

336.92 Number of Squares
 330.00 Total Ridge Length

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
1. Remove Metal roofing - ribbed - 26 gauge - 1 1/8" to 1 1/2"	33,691. SF 79	0.49	1,634.39	3,301.80	21,445.17	(0.00)	21,445.17
2. Replace Metal roofing - ribbed - 26 gauge - 1 1/8" to 1 1/2"	33,691. SF 79	5.07	16,910.92	34,163.48	221,891.78	(46,227.46)	175,664.32
<i>Roofs were agreed to by the Panel to be R&R.</i>							
3. Remove Additional charge for high roof (2 stories or greater)	336.92 SQ	5.09	169.78	342.98	2,227.68	(0.00)	2,227.68
4. Replace Additional charge for high roof (2 stories or greater)	336.92 SQ	16.78	559.70	1,130.70	7,343.92	(1,529.99)	5,813.93
5. R&R Drape roll insulation - vinyl faced - R11	33,691. SF 79	0.97	3,235.43	6,536.20	42,452.67	(6,656.02)	35,796.65
<i>AllStar documented several area where water intrusion has incurred damaging insulation.</i>							
6. R&R Steel rake/gable trim - color finish	256.00 LF	5.92	150.04	303.10	1,968.66	(370.65)	1,598.01
7. R&R Ridge vent - Metal roofing - floating ventilator	12.00 EA	1,176.15	1,397.27	2,822.76	18,333.83	(3,806.49)	14,527.34
<i>There are 12 metal ridge vents each measuring 10 linear feet. 12x10=120 linear feet of ridge vent. Pricing used is from the Carrier's Appraiser estimate.</i>							
8. R&R Ridge flashing	292.00 LF	6.70	193.68	391.28	2,541.36	(484.41)	2,056.95
9. R&R Cap flashing - large	96.00 LF	23.93	227.42	459.46	2,984.16	(606.89)	2,377.27
10. R&R Flashing, 14" wide	192.00 LF	4.07	77.37	156.28	1,015.09	(181.86)	833.23
11. R&R Eave trim for metal roofing - 29 gauge	862.00 LF	4.98	424.98	858.56	5,576.30	(975.11)	4,601.19
12. R&R Neoprene pipe jack flashing for metal roofing	4.00 EA	56.93	22.53	45.54	295.79	(53.38)	242.41
13. R&R Corrugated fiberglass roofing (greenhouse type)	450.00 SF	3.29	146.57	296.10	1,923.17	(353.17)	1,570.00
<i>44 skylights were installed on roof slopes.</i>							
14. Replace Roofer - per hour	40.00 HR	116.35	460.75	930.80	6,045.55	(1,259.49)	4,786.06
<i>Allowed to cut and install skylights on roof and pickup daily debris.</i>							
15. Replace Digital satellite system - Detach & reset	1.00 EA	30.82	3.05	6.16	40.03	(8.35)	31.68
16. Replace Digital satellite system - alignment and calibration only	1.00 EA	92.47	9.16	18.50	120.13	(25.03)	95.10

Totals: Roof1 **25,623.04** **51,763.70** **336,205.29** **62,538.30** **273,666.99**



AllStar Adjusters USA

AllStar Adjusters USA
 4808 Fairmont Pwy. Ste. 191
 Pasadena, Texas 77505
 (281) 741-8045

Gutters

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
17. R&R Gutter / downspout - aluminum - 6"	662.00 LF	9.50	622.61	1,257.80	8,169.41	(1,614.18)	6,555.23
<i>Appraisers agreed to remove & replace guttering.</i>							
18. Prime & paint gutter / downspout	612.00 LF	1.41	85.43	172.58	1,120.93	(233.53)	887.40
Totals: Gutters			708.04	1,430.38	9,290.34	1,847.71	7,442.63

Telehandler

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
19. Replace Telehandler/forklift and operator	120.00 HR	115.00	1,366.20	2,760.00	17,926.20	(3,734.63)	14,191.57
<i>AllStar agreed with the Carrier's Appraiser.</i>							
Totals: Telehandler			1,366.20	2,760.00	17,926.20	3,734.63	14,191.57

Dumpsters

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
20. Dumpster load - Approx. 40 yards, 7-8 tons of debris	5.00 EA	705.61	349.27	705.62	4,582.94	(0.00)	4,582.94
<i>Panel agreed to 5 dumpsters to dispose of debris.</i>							
Totals: Dumpsters			349.27	705.62	4,582.94	0.00	4,582.94

Miscellaneous

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
21. Replace Plumber - per hour	20.00 HR	120.48	238.55	481.92	3,130.07	(652.10)	2,477.97
<i>Allowed to move lines to complete roof replacement, insulation, and lines to machinery.</i>							
22. Replace Electrician - per hour	20.00 HR	125.01	247.52	500.04	3,247.76	(676.62)	2,571.14
<i>Allowed for disconnect and reconnection of machinery.</i>							
23. Final cleaning - construction - Commercial	4,310.00 SF	0.18	76.80	155.16	1,007.76	(209.95)	797.81
Totals: Miscellaneous			562.87	1,137.12	7,385.59	1,538.67	5,846.92



AllStar Adjusters USA

AllStar Adjusters USA
 4808 Fairmont Pwy. Ste. 191
 Pasadena, Texas 77505
 (281) 741-8045

OSHA

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
24. Commercial Supervision / Project Management - per hour	120.00 HR	70.00	831.60	1,680.00	10,911.60	(2,273.25)	8,638.35
<i>Allowed for 3 weeks (40 hr. week) for roof to be replaced. The Commercial Supervisor is to provide safety for employees, patrons, monitor and coordinate all actions in replacing the roof. Panel agreed to 120 hours.</i>							
25. Install Skylight cages & Safety netting - OSHA Safety	44.00 EA	35.00	152.46	308.00	2,000.46	(416.76)	1,583.70
26. Replace Barricade/warning sign/traffic cone - Min. equip. charge	1.00 EA	52.50	5.20	10.50	68.20	(14.21)	53.99
27. Replace Temporary fencing - 1-4 months (per month)	100.00 LF	1.67	16.54	33.40	216.94	(45.20)	171.74
28. Replace Temporary toilet - Minimum rental charge	2.00 EA	117.45	23.26	46.98	305.14	(63.58)	241.56
Totals: OSHA		1,029.06	2,078.88	13,502.34	2,813.00	10,689.34	

Contents

DESCRIPTION	QUANTITY	UNIT PRICE	TAX	O&P	RCV	DEPREC.	ACV
29. Moving Printing Press Quote	1.00 EA	42,360.00	0.00	0.00	42,360.00	(10,590.00)	31,770.00
<i>Proposal from A&D Flexographic Repair Inc. Note that AllStar highlighted additional responsibility of Cole & Ashcroft.</i>							
30. Content Manipulation charge - per hour	240.00 HR	36.12	858.22	1,733.76	11,260.78	(2,346.00)	8,914.78
<i>Allowed to move additional items around for replacement of roof and insulation. Estimated at 3 men for 40 hrs. each.</i>							
31. Commercial Supervision / Project Management - per hour	40.00 HR	70.00	277.20	560.00	3,637.20	(757.75)	2,879.45
<i>Allowed for Safety Monitoring of equipment being moved and protection of other employees.</i>							
Totals: Contents		1,135.42	2,293.76	57,257.98	13,693.75	43,564.23	
Total: Coverage A		30,773.90	62,169.46	446,150.68	86,166.06	359,984.62	
Line Item Totals: UMP_COLE_ASHCROFT		30,773.90	62,169.46	446,150.68	86,166.06	359,984.62	



AllStar Adjusters USA

AllStar Adjusters USA
 4808 Fairmont Pwy. Ste. 191
 Pasadena, Texas 77505
 (281) 741-8045

Grand Total Areas:

0.00	SF Walls	0.00	SF Ceiling	0.00	SF Walls and Ceiling
0.00	SF Floor	0.00	SY Flooring	0.00	LF Floor Perimeter
0.00	SF Long Wall	0.00	SF Short Wall	0.00	LF Ceil. Perimeter
0.00	Floor Area	0.00	Total Area	0.00	Interior Wall Area
944.07	Exterior Wall Area	0.00	Exterior Perimeter of Walls		
33,691.79	Surface Area	336.92	Number of Squares	1,162.02	Total Perimeter Length
330.00	Total Ridge Length	0.00	Total Hip Length		

Coverage	Item Total	%	ACV Total	%
Contents	57,257.98	12.83%	43,564.23	12.10%
Building	388,892.70	87.17%	316,420.39	87.90%
Total	446,150.68	100.00%	359,984.62	100.00%



AllStar Adjusters USA

AllStar Adjusters USA
 4808 Fairmont Pwy. Ste. 191
 Pasadena, Texas 77505
 (281) 741-8045

Summary for Contents

Line Item Total	53,828.80
Overhead	1,146.88
Profit	1,146.88
Comm. Rpr/Remdl Tax	1,135.42
Replacement Cost Value	\$57,257.98
Less Depreciation	(13,693.75)
Actual Cash Value	\$43,564.23
Net Claim	\$43,564.23
Total Recoverable Depreciation	13,693.75
Net Claim if Depreciation is Recovered	\$57,257.98

AllStar Adjusters USA
 Adjuster



AllStar Adjusters USA

AllStar Adjusters USA
 4808 Fairmont Pwy. Ste. 191
 Pasadena, Texas 77505
 (281) 741-8045

Summary for Building

Line Item Total	299,378.52
Overhead	29,937.85
Profit	29,937.85
Comm. Rpr/Remdl Tax	29,638.48
Replacement Cost Value	\$388,892.70
Less Depreciation	(72,472.31)
Actual Cash Value	\$316,420.39
Net Claim	\$316,420.39
Total Recoverable Depreciation	72,472.31
Net Claim if Depreciation is Recovered	\$388,892.70

AllStar Adjusters USA
 Adjuster



AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

1 94-Address Verification

Date Taken: 6/11/2020

Taken By: Randy LeBlanc



2 95-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

3 96-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc



4 97-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

5 98-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc



6 99-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

7 100-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc



8 101-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

9 102-Building

Date Taken: 6/11/2020

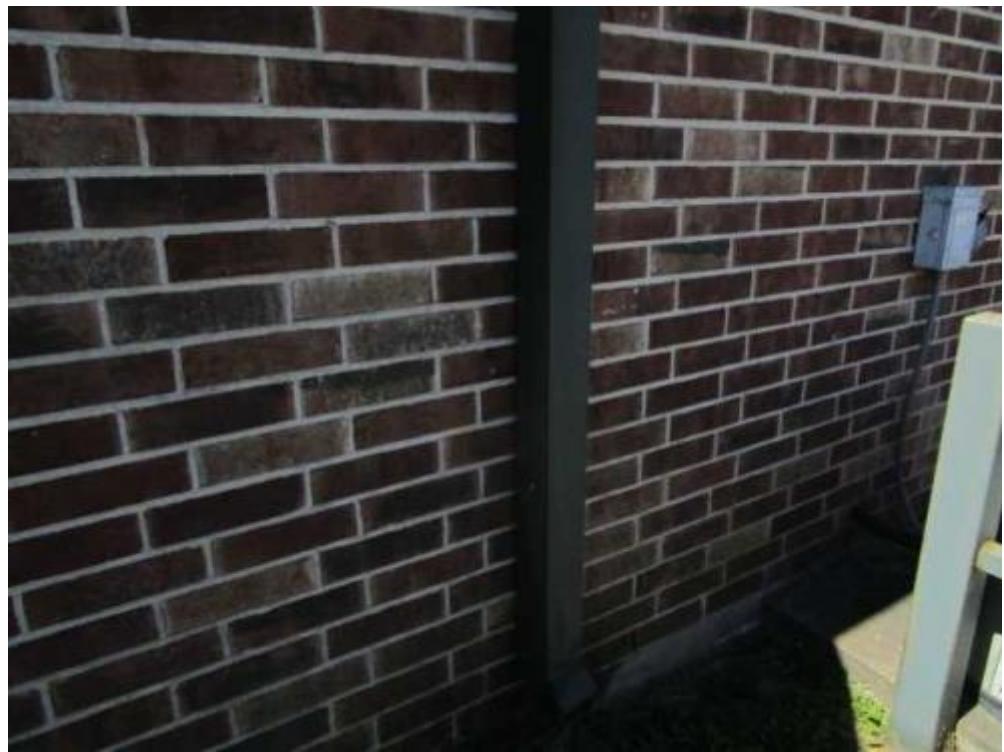
Taken By: Randy LeBlanc



10 103-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

11 104-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc



12 105-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

13 106-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc



14 107-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

15 108-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc

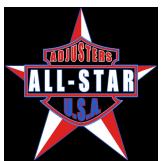


16 109-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

17 110-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc



18 111-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

19 112-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc



20 113-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

21 114-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc



22 115-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

23 116-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc

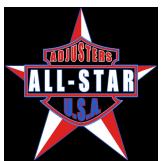


24 117-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

25 118-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc

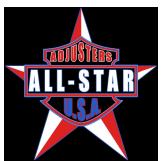


26 119-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

27 120-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc



28 121-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

29 122-Building

Date Taken: 6/11/2020

Taken By: Randy LeBlanc



30 123-Interior

Date Taken: 6/11/2020

Taken By: Randy LeBlanc

Noted water intrusion through insulation.





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

31 124-Interior

Date Taken: 6/11/2020

Taken By: Randy LeBlanc

Noted water intrusion through insulation.



32 125-Interior

Date Taken: 6/11/2020

Taken By: Randy LeBlanc

Noted water intrusion through insulation.





AllStar Adjusters USA

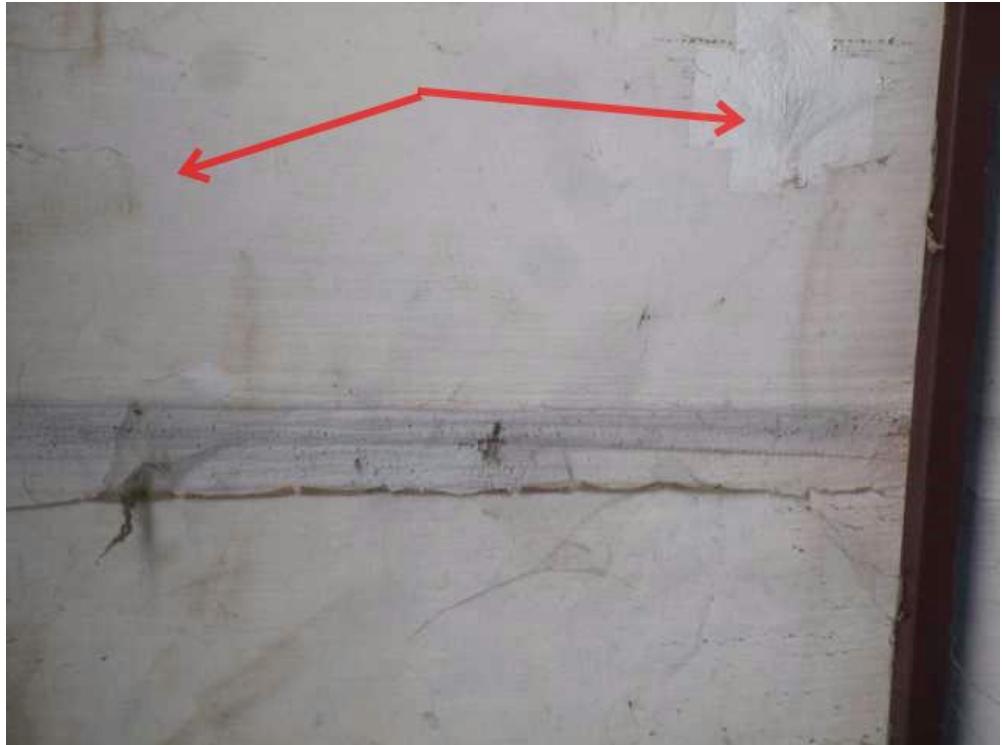
AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

33 126-Interior

Date Taken: 6/11/2020

Taken By: Randy LeBlanc

Noted water intrusion through insulation.



34 127-Interior

Date Taken: 6/11/2020

Taken By: Randy LeBlanc

Noted water intrusion through insulation.





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

35 128-Interior

Date Taken: 6/11/2020

Taken By: Randy LeBlanc

Noted water intrusion through insulation.



36 129-Roof

Date Taken: 6/11/2020

Taken By: Randy LeBlanc

Roof Agreed to by Both Appraisers to R&R





AllStar Adjusters USA

AllStar Adjusters USA
4808 Fairmont Pwy. Ste. 191
Pasadena, Texas 77505
(281) 741-8045

37 130-Roof

Date Taken: 6/11/2020

Taken By: Randy LeBlanc

Roof Agreed to by Both Appraisers to
R&R



38 131-Roof

Date Taken: 6/11/2020

Taken By: Randy LeBlanc

Roof Agreed to by Both Appraisers to
R&R





August 13, 2020

Cole & Ashcroft, LP
C/o McClenney Moseley & Associates, PLLC
Attn: Derek Fadner
516 Heights Blvd.
Houston, TX 77007

Company: State Automobile Mutual Insurance Company
NAIC #: 25135
Insured: Cole & Ashcroft LP; DBA Shutters Plus; DBA Hullabaloo Trading & Adzy
Policy Number: PBP 2832159
Loss Location: 5631 Brystone Drive, Houston, TX 77041
Date of Loss: 5/9/2019
State Auto Claim #: PR-0000000-262374

Dear Mr. John Lines:

This letter is to inform you that State Automobile Mutual Insurance Company ("State Auto") respectfully declines payment of the appraisal award signed August 7, 2020. As noted in my previous correspondence with you, including my October 21, 2019 letter designating State Auto's appraiser, State Auto's participating in appraisal does not constitute a waiver of any of the rights available to State Auto under the policy and applicable law. The following precludes coverage for your claim:

A claim was reported on August 2, 2019 for hail damage said to have occurred on May 9, 2019. We retained Nelson Forensics to conduct an inspection of the property. Our investigation determined there was hail damage that occurred on the reported date of loss, however with the exception of a portion of the membrane flashing, all hail was found to be cosmetic and will not impact the functionality of the roofing system. The following is a summary of our engineer's inspection findings:

- The discrete circular indentations at the metal panel roofing, metal rake trim, metal cap flashing at the parapet walls, and metal casing at the ridge vents at the subject structure are consistent with hail impact during the reported date of loss. However, the indentations have not compromised the functionality, waterproofing capabilities, or life expectancy of the panels/components. Repairs to the roofing panels/components are not necessary nor does Nelson recommend any repairs at these items.
- A portion of the circular/radial tears at the older membrane tape flashing located at the base of the ridge vents at the upper roof are conservatively attributed to hail impact during the reported date of loss, and has compromised the waterproofing capability of this flashing. Nelson estimates that no more than 30 linear feet of this membrane tape flashing is affected by hail impact. The remainder of this membrane tape flashing requires repairs due to long-term deterioration and deferred maintenance, unrelated to hail.
- Hail impact has not damaged the exterior of the subject structure.
- Our engineer observed localized kinks in the panel ribs at the R-panel roofing at the approximate mid-span between support locations. Nelson is of the opinion that these kinks are due to improper foot traffic, unrelated to hail.

EXHIBIT B-12

- The irregular-shaped deformations or deformations that were larger than 1" in diameter at the ridge vents are consistent with mechanical impact, unrelated to hail.

While hail damage is covered by the policy, it excludes coverage for superficial damage on the roofing surface. The remaining damage listed above is the result of wear, tear, deterioration and lack of proper maintenance, which are specifically excluded in the policy.

To understand why, please refer to your policy, particularly to the Building and Personal Property Coverage Form, CP0010 10/12, on pages 1-2 and 8, the Causes of Loss - Special Form, CP1030 10/12, on pages 1-5, the Limitations on Coverage for Roof Surfacing, CP1036 10/12, on page 1, the Commercial Property Conditions, CP0090 07/88, on page 1, and the Texas Changes, CP0142 03/12.

Building and Personal Property Coverage Form, CP0010 10/12

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this Section, **A.1.**, and limited in **A.2.**, Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

- Buildings, meaning the building or structure at the premises described in the Declarations
 - Completed additions;
 - Fixtures, including outdoor fixtures;
 - Permanently installed:
 - Machinery; and
 - Equipment;
 - Personal property owned by you that is used to maintain or service the building or structure or its premises, including
 - Fire-extinguishing equipment;
 - Outdoor furniture;
 - Floor coverings; and
 - Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - If not covered by other insurance:
 - Additions under construction, alterations and repairs to the building or structure;
 - Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

3. Covered Causes of Loss

See applicable Causes of Loss Form as shown in the Declarations.

B. Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations.

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may

make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to Investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.

Causes of Loss – Special Form, CP1030 10/12

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

2. We will not pay for loss or damage caused by or resulting from any of the following:
 - d.(1) Wear and tear
 - (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - (4) Settling, cracking, shrinking or expansion;
3. We will not pay for loss or damage caused by or resulting from any of the following,
 - 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or
(4) Maintenance
of part or all of any property on or off the described premises.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless;
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

Limitations on Coverage for Roof Surfacing, CP1036 10/12

This endorsement modifies insurance provided under the following:

**BUILDERS RISK COVERAGE FORM
BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY**

SCHEDULE

Premises Number	Building Number	Indicate Applicability (Paragraph A. and/or Paragraph B.)
0001	001	Paragraph B

B. The following applies with respect to loss or damage by **wind and/or hail** to a building or

structure identified in the Schedule as being subject to this Paragraph **B**.

We will not pay for cosmetic damage to roof surfacing caused by wind and/or hail. For the purpose of this endorsement, cosmetic damage means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.

C. For the purpose of this endorsement, roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

Commercial Property Conditions, CP0090 07/88

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations;
 - b. Within the coverage territory.

Texas Changes, CP0142 03/12:

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

B. Legal Action Against Us

1. The **Legal Action Against Us** Property Condition is replaced by the following, except as provided in **B.2.** below:

Legal Action Against

- a. Except as provided in Paragraph b., may bring a legal action against us under this Coverage Part unless:
 - (1) There has been full compliance with all of the terms of this Coverage Part; and
 - (2) The action is brought within two years and one day from the date the cause of action first accrues. A cause of action accrues on the date of the initial breach of our contractual duties as alleged in the action.
 - b. With respect to loss or damage in the State of Texas caused by windstorm or hail in the catastrophe area as defined by the Texas Insurance Code, no one may bring a legal action against us under this Coverage Part unless:
 - (1) There has been full compliance with all the terms of this Coverage Part; and

(2) The action is brought within the earlier of the following:

- (a)** Two years and one day from the date we accept or reject claim; or
- (b)** Three years and one day from the date of the loss or damage that is the subject of the claim.

C. Appraisal

1. Except as provided in **C.2.** below, the **Appraisal** Loss Condition in the:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM;
BUILDERS RISK COVERAGE FORM;
CONDOMINIUM ASSOCIATION COVERAGE FORM;
CONDOMINIUM COMMERCIAL UNIT-
OWNERS COVERAGE FORM;
EXTRA EXPENSE COVERAGE FORM;
LEASEHOLD INTEREST COVERAGE FORM;
TOBACCO SALES WAREHOUSES COVERAGE FORM; and
STANDARD PROPERTY POLICY

is replaced by the following:

Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. Each appraiser will state the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding as to the amount of loss. Each party will:

- a.** Pay its chosen appraiser; and
- b.** Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal:

- a.** You will still retain your right to bring a legal action against us, subject to the provisions of the Legal Action Against Us Commercial Property Condition; and
- b.** We will still retain our right to deny the claim.

The undisputed facts are that the roof on the property at issue only sustained cosmetic damage from hail, which is not covered under the policy. We previously prepared an estimate for the hail damage not considered to be cosmetic that totaled \$633.17, although it did not include gutters or downspouts. The appraisal panel appraised the gutters and downspouts at \$9,290.34 at replacement cost value and \$7,442.63 at actual cash value. With the inclusion of both gutters and downspouts, the covered portion of the loss remains less than the policy deductible of \$87,500.00. Therefore, no payment is due.

Based on the facts and applicable policy language, State Auto respectfully declines payment of your claim.

Please be advised that State Auto continues to reserve all rights under the State Auto policy and applicable law with respect to the claim.

Sincerely,

Ashley Manning, AIC
CARE Specialist

State Auto Insurance Companies
Phone: 317.931.7133 | Ashley.Manning@StateAuto.com



[Email](#) | [Website](#)

